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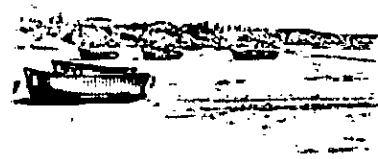
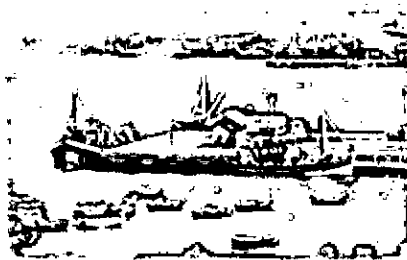


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EXECUTIVE MAYOR'S FOREWORD



It gives me great pleasure to present the 2010/2011 Annual Report to all the stakeholders of Saldanha Bay Municipality for the past financial year.

The year 2010/2011 has been filled with challenges and underwent many changes, both politically and administratively. I thank the previous political leadership, who ensured that the challenges have not distracted the Municipality's focus from service delivery, as the municipal IQ shareholders. We have the highest IQ in the Western Cape.

During the 2010/2011 financial we achieved an unqualified audit opinion from Auditor-General and maintained our five star IRCA rating. This was achieved by the current councillor's dedication to compliance. In addition, Saldanha Bay Municipality was rated 13th in the Province by the Department: Water Affairs and were rewarded with a Blue Drop Certification. It is a continuous commitment from Saldanha Bay Municipality to improve service delivery and innovative ways to sustain effective service delivery.

Saldanha Bay Municipality is faced with numerous developmental and socio-economic challenges and stakeholders are encouraged to participate in our public participation meetings and/or processes in our endeavor to addressing service delivery challenges and enhance our communities. Public participation is viewed as a critical pillar for development and stakeholders are able to positively influence decision-making. The leadership of Saldanha Bay Municipality plans to invest in economic growth to support the National and Provincial growth point. Local government will embark on a process of continuous engagement with all relevant stakeholders in order to address critical service delivery needs and economic growth such as Saldanha Bay Harbour and possible IDZ. We further plan to create a platform for growth through infrastructure development.

We would like to express our sincere gratitude towards all the residents/services clients for paying their municipal accounts and encourage those whom have outstanding accounts to settle their accounts. Furthermore, we acknowledge the roles played by fellow Councillors, Management and personnel, and their contributions during 2010/11.


R. JAGER
EXECUTIVE MAYOR

MUNICIPAL MANAGER FOREWORD



FOREWORD BY THE ACTING MUNICIPAL MANAGER

The 2010/2011 financial year has been a significant year for the Saldanha Bay Municipality, due to the various awards received, progress made with the Industrial Development Zone, the past Municipal elections and the fact that we received an unqualified opinion from the Auditor-General.

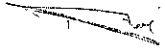
Service delivery can be improved and it is also a fact that stakeholder expectations pertaining to service delivery are very due to the potential Industrial Development Zone earmarked for the Western Cape but more in particular the West Coast. Whilst we moving closer to achieving our objectives we first and foremost by concentrate on getting the basics such as service delivery, infrastructure development, housing development, environmental preservation, local economic development, spatial planning and governance right.

Saldanha Bay Municipality has sound financial affairs and this can be attributed to the fact that municipal accounts are paid in a satisfactory manner and that defined fiscal policies are in place. We are cognizant of the fact that given the current reality around poverty in our Municipal area, that we have utilized the indigent grant in a sustainable manner for those who qualified for the grants.

We however, note that some challenges still remain and that strides are made in resolving the potential irregular expenditure as highlighted during the forensic investigation. Both internal and external processes were initiated in an attempt to resolve these matters.

The improvement from prior years 2008/2009 (Disclaimer of Opinion), 2009/2010 (Qualified Opinion) in the Auditor-General opinion issued for the 2010/2011 financial can be attributed to dedicated officials who made a contribution during the financial year. Furthermore, Saldanha Bay Municipality maintained the five star IRCA rating with an overall 93% compliance score through the dedication of all Officials, Management and Councillors. In addition, the Municipality were rated 13th in the Province by the Department: Water Affairs and were rewarded with a Blue Drop Certification for achieving an overall 87.69% score and reflects on the work performed by the Technical Services Directorate and the constant improvement in the processes followed as well as infrastructure maintenance and upgrading.

I thank all residents/stakeholders and officials of Saldanha Bay Municipality for your continued trust and support in all your endeavors in improving service delivery.



Noel Van Staden

Acting Municipal Manager

CHAPTER 1

MUNICIPAL OVERVIEW



CHAPTER 1: INTRODUCTION AND MUNICIPAL OVERVIEW

1.1 MUNICIPAL OVERVIEW

This report addresses the performance of the Saldanha Bay Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2010/11 Annual Report reflects on the performance of the Saldanha Bay Municipality for the period 1 July 2010 to 30 June 2011. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

1.1.1 VISION AND MISSION

The Saldanha Bay Municipality committed itself to the vision and mission of:

Vision:

"Saldanha Bay – A Caring Municipality"

Mission:

It is the mission of this municipality to establish a system of caring governance through:

- 1. Institutional transformation and development***
- 2. The promotion of Local Economic Development***
- 3. The provision of basic services on an affordable, sustainable and equitable basis***
- 4. Sound Financial Management practices to ensure a viable and sustainable Municipality***
- 5. Ensuring a sound system of public participation and Good Governance***

1.1.2 DEMOGRAPHIC INFORMATION

A) MUNICIPAL GEOGRAPHICAL INFORMATION

Saldanha Bay Municipality (WC014) is a local municipality located on the West Coast of South Africa, approximately 140 kilometres north of Cape Town. It forms part of the West Coast District Municipality (DC1),

situated in the Western Cape Province. The municipality is bordered in the west by the Atlantic Ocean, in the north by the Bergrivier Municipality and the east by the Swartland Municipality.

The Saldanha Bay Municipality covers an area of 2 015 km² and have a coastline of 238km. The head office is located in Vredenburg, with satellite offices in Hopefield, St Helena Bay, Paternoster, Saldanha and Langebaan. Saldanha Bay has the largest natural port in Africa and the area is earmarked as a regional motor for the development of the Western Cape Province.

Wards

The Municipality is currently structured into the following **13** Wards:

WARD	AREAS
1	Middelpos & Dalzville West
2	Witteklip (RDP Houses)
3	White City
4	Diazville & RDP Houses
5	Saldanha Town, Blue water Bay & Jacobs Bay
6	Langebaan
7	Hopefield & Koperfontein
8	Vredenburg North, Langebaanweg, Green Village
9	Ongegund and Part of Self Built Scheme
10	Vredenburg South & Louwville North
11	St. Helena Bay & Paternoster
12	Laingville
13	Yskor & Part of Self Built Scheme

Table 1: Municipal Wards

Below is a map of the Western Cape that indicates the location of the Municipality in the West Coast District area:

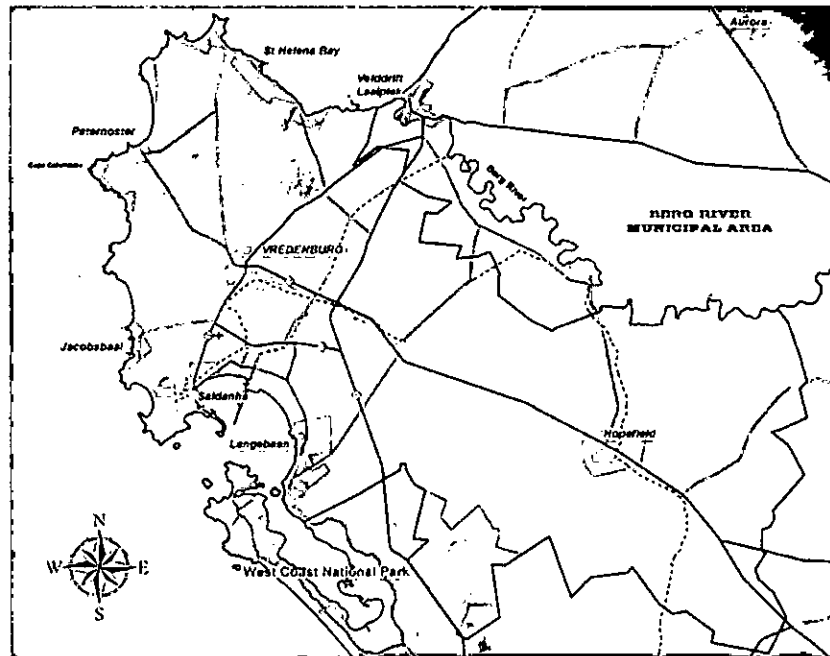


Figure1: Western Cape Area map

The area includes a number of big rural areas, as well as the following towns:

St Helena Bay:

St. Helena Bay is one of the world's principal fishing centres. The cold Benguela current surges upwards along this part of the coast and bring to the surface large concentrations of nutrient salt. Huge shoals of anchovies and pilchards (before they were depleted by over fishing) fed in the area on the plankton which flourished on the nutrient salts.

Twelve busy fish-processing factories were established along the 21km curve of the shore from West Point to Sandy Point and Stompneus. In the heyday of pilchards, the scene was one of frenzied activity during the catching season, which normally lasted from the 1 January to 31 July. The bay is also well known for its Snoek, especially during the winter months. St. Helena is especially beautiful since wheat fields reach down almost to the water's edge and only a tarmac road runs along the coast providing a boundary line between agriculture and fishing. Furthermore, because of the town's position it is the only town on the West Coast where the sun rises over the sea.

The Southern Right whales come annually from the Sub-Antarctic regions to calve and mate during the months of June to November. Humpback whales may be sighted during the months of October and November as these animals migrate south from their breeding grounds in tropical West Africa to their feeding grounds in the Antarctic. The bay is also popular for the dolphins; schools of over 1 000 have been sighted at times. The bay also hosts a variety of marine birds, penguins and large colonies of seals.

Jacobsbaai:

Jacobsbaai is a beautiful isolated bay a few kilometres north of Saldanha Bay with a sea frontage of about 2km. It's interesting coastline has peninsulas, rocky and sandy bays with cosy beaches and an abundance of seafood, crayfish, fish, mussels and abalone. Jacobsbaai is often referred to as "Namaqualand by the sea" since its wild flowers are breathtakingly beautiful in spring. The housing development at Jacobsbaai is taking place according to strict architectural guidelines in an effort to create a typical West Coast town.

Paternoster:

The first maritime survey of this part of the coast was done in the 1790's by Francis Renier Duminy, Captain of the Dutch East India Company ship, *De Meermin*.

Although life in Paternoster is still very much associated with the sea and fishing industry (Paternoster Fisheries), it is to this historic fishing village that the traveller comes to relax. Quaint, whitewashed cottages nestle gently on the sloping hill called Kliprug.

Cape Columbine Nature Reserve (Tietiesbaai):

The reserve covers an area of 263 ha along the rocky stretch of coastline with numerous inlets and coves. This area was declared a nature reserve in December 1973. The vegetation of typical West Coast field ranges from the well-known West Coast fynbos to Karoo succulent. In spring (August to October) the area is covered in a bright tapestry of wild flowers. This reserve boasts the last manually controlled lighthouse to be built in South Africa. It is usually the first South African lighthouse to be seen by ships coming from Europe. The lighthouse was built in 1936 on Castle Rock and stands at a height of 80m above sea level and casts a beam which is visible for about 50km.

The significant white boulders, where great humped rocks crouch around little rocky bays, make this unspoiled gem one of the most beautiful beaches on the West Coast. The vast beach, washed by a fresh Atlantic Ocean, can satisfy the enthusiastic kayaker in a safe paddling environment.

Apart from dolphins and whales, the coastline, together with an abundance of mussels, is very famous for the West Coast Rock Lobster, abalone and other seafood. The peaceful surroundings that typify this place of "Red Gold" also offer pristine hiking trails and unforgettable sunsets that slowly vanish in brilliant colours.

Saldanha:

Today Saldanha has a huge iron ore quay and is home to a large variety of fishing vessels. Saldanha Bay is the largest natural bay in South Africa: it offers a paradise for water sport enthusiasts. Its sheltered harbour plays an important part in the huge Sishen-Saldanha iron ore project at which Saldanha Steel, a state of the art steel mill, takes centre stage. The town is not only important for export but also hosts many other industries, for example, crayfish, fish, mussels, oysters, seaweed and many more. Saldanha is also the location of the South African Military Academy as well as SAS SALDANHA, a naval training unit.

Things to see in Saldanha include the French Huguenot Memorial, Doc's Cave, the Breakwater and Cummings Grave. The breakwater was built in 1976 and is 1,8 km long. It connects the main land with Marcus Island. There are also hiking trails for the nature lover at Oranjevelei and at the SAS Saldanha Naval Base. Furthermore, boat trips to the islands in the bay, as well as fishing trips, can be organised (weather permitting).

Hopefield:

The town, 120km from Cape Town, is situated on the R45 and can be reached by either the West Coast R27 or N7 highways. Today the town serves the grain, dairy, meat, honey and "waterblommetjie" farmers of the area. It also boasts excellent education facilities and a modern retirement centre. Hopefield is situated in the heart of Fynbos country with spectacular displays of wildflowers around the town and on the tarred road from Hopefield to Velddrif during August and September. The large wetland area provides the nature lover with prolific bird life and beautiful hiking trails especially in the Berg River area. The town provides a peaceful and serene environment for its inhabitants whether young or old. The climate is excellent; the summers are hot while the winters mild with an average of 300mm rain per annum. The price of property and fairly low rates and taxes attract many a city dweller that yearns for a quiet country retreat. It also boasts a modern, fully licensed sports complex with conference and function facilities. The annual events are the hunting day held in June when hunting parties take to the field to hunt the game in the area. At the Fynbos Show held at the end of August more than 200 species are brought indoors and displayed in their natural environment. The "Commando" horse and tractor trail provides great enjoyment to many visitors who appreciate the breath taking scenery not readily accessible to the public. The beautiful flowers, clear air and famous West Coast hospitality are like a never ending symphony!

Vredenburg:

Vredenburg, which means *the town of peace*, started somewhat less peaceful than its name implies. A spring, that bubbles on the boundary line separating two farms Heuningklip and Witteklip, had the owners of these two farms, W. Baard and C. Loubser, quarrelling so much over water rights that the spring was first known as Twisfontein (fountain of strife) and later, as legal action was taken, as Prosesfontein (lawsuit fountain). In 1875 a congregation was established and a church was built which helped to bring peace (vrede) to settle the dispute.

A monument was erected near the site of the contentious spring. Today numerous businesses line the main road of Vredenburg, the largest administrative and commercial centre on the West Coast.

In 1975, by government decree, Vredenburg and Saldanha were united as the Vredenburg-Saldanha Municipality.

Langebaan:

Just over one hundred kilometers from Cape Town, next to the scenic Langebaan Lagoon, nestles the picture perfect little village of Langebaan, one of the oldest and least discovered tourist destinations on the West Coast of South Africa.

The name is said (amongst other theories) to originate from a Dutch phrase meaning "Long Fjord". It is the ideal place to stay when visiting the 30,000 hectare West Coast National Park and to experience the flowers in August and September, en route to Namaqualand, the Cederberg or Namibia. Nature lovers revel in the pure air, miles of safe beaches, the sun and water sports like sailing, windsurfing, surfing, fishing, diving or just paddling when they are not bird-watching, hiking or playing the 18 Greens. It is a birdwatchers paradise, with as many as 75 species observed in one morning, and 250 in a year. Meet the migrators from the steppes here in summer.

The village also boasts several very good restaurants, ranging from Haute cuisine to Boma. An off-sales, supermarket, medical doctor, dentist, garage, video shops, boat yard, yacht club as well as seafood distributors ensure that you won't need to leave the village for anything but to go home.

B) POPULATION

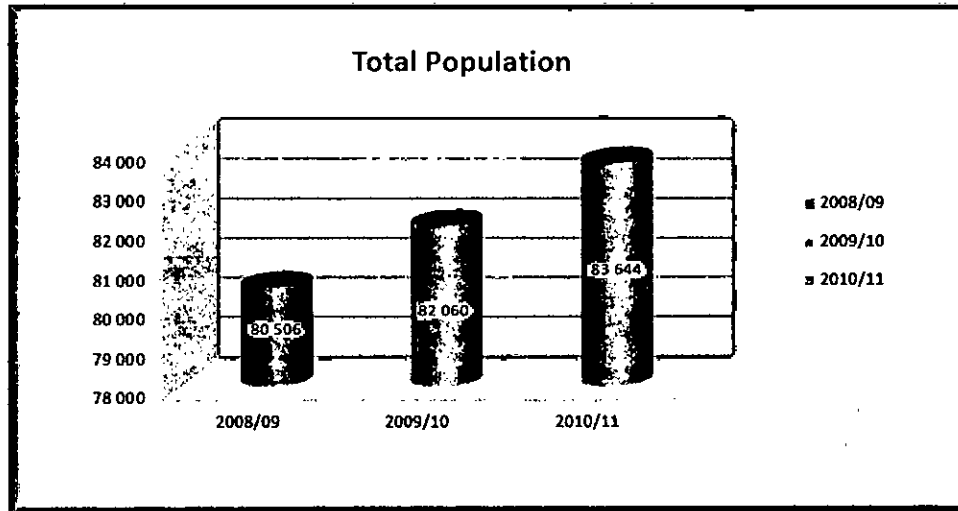
The table below indicates the total population within the municipal area:

Population	2001	2007	2010
	70 438	78 982	83 644

Table 2: Demographic information of the municipal area – Total population

Source: Stats SA & Municipal Demarcation Board

The graph below illustrate the yearly population growth for the municipal area.



Graph 1: Total Population Growth

C) HOUSEHOLDS

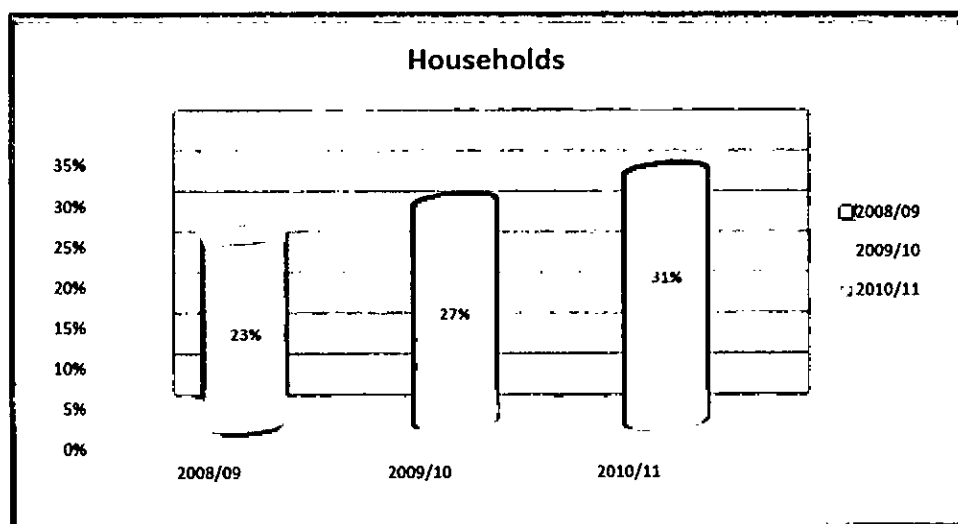
The total number of households within the municipal area **increased** from **21 596** households in 2009/10 financial year to a total of **22 013** households in 2010/11 financial year.

Households	2008/09	2009/10	2010/11
Number of households in municipal area	21 187	21 596	21 735
Number of indigent households in municipal area	4 774	5 861	6293
Percentage of indigent households in municipal area	23	27	29

Table 3: Total number of households

Source: West Coast Region IDP (2007/08), Stats SA 2001 Census

The graph below shows that the total number of indigent households **increased** from **27%** in 2009/10 to **31%** in the 2010/11 financial year. The indigent households show an annual **increase** of **4%**.



Graph 2: Total % indigent households within the municipal area

D) KEY ECONOMIC ACTIVITIES

The Municipality is dependent upon the following economic activities:

Key Economic Activities	Description
Agriculture and Agro-processing	Oil and gas opportunities are prevalent up and down the West Coast of Africa with the facilities and infrastructure at Saldanha Bay giving the region an opportunity to tap into this lucrative market The port of Saldanha is primarily geared for iron-ore exporting but vertical integration is growing with steel processing plants and related downstream activities having been established
Eco - Tourism	A unique cultural experience on a ruggedly beautiful stretch of South African coastline makes this one of the burgeoning sectors of the future
Fishing and marine-culture	A part of life on the West Coast for centuries including deep-sea fishing, line fishing, lobsters, mari-culture and a growing aquaculture sector. Herein lies the highest growth potential in the region with value-added processing and expansion into new mari-culture and aquaculture activities
Mining	From limestone, kaolin and phosphate to the very involved processing and transport sector supports the need of South Africa's mining industry with the major ore terminal at the Port of Saldanha
Industry	Mittal Steele, Exxaro and Duferco

Table 4: Key Economic activities

1.1.3 SOCIO ECONOMIC INFORMATION

A) SOCIO ECONOMIC GROWTH

The socio-economic information for the municipal area is as follows:

Housing Backlog	Unemployment Rate	Households with No Income	People older than 14 years illiterate	HIV/AIDS Prevalence	Urban/rural household split
8 179	12.8%	11%	21%	4.3%	95/5 %

Table 5: Socio Economic information

Source: West Coast Region IDP (2007/08), Stats SA 2001 Census

B) POPULATION BY GENDER/RACE

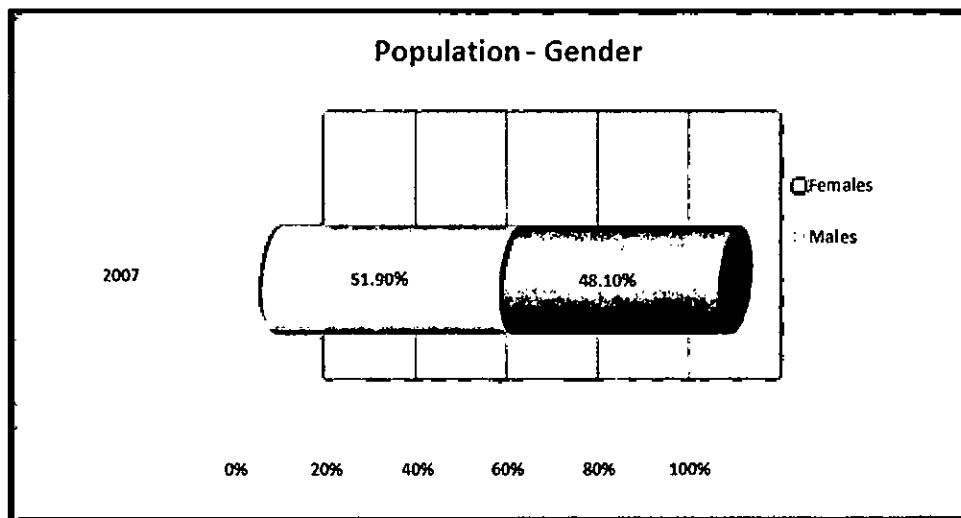
The population is fairly equally distributed in terms of gender with **52%** females and **48%** males.

Population - Racial	2001			2007		
	Male	Female	Total	Male	Female	Total
African	6 589	5 283	11 872	5 530	5 758	11 288
Coloured	21 534	23 251	44 785	21 423	23 475	44 898
Indian	178	150	328	228	283	511
White	6 646	6 807	13 453	10 860	11 425	22 285
Total	34 947	35 491	70 438	38 041	40 941	78 982

Table 6: Demographic information of the municipal area – Gender

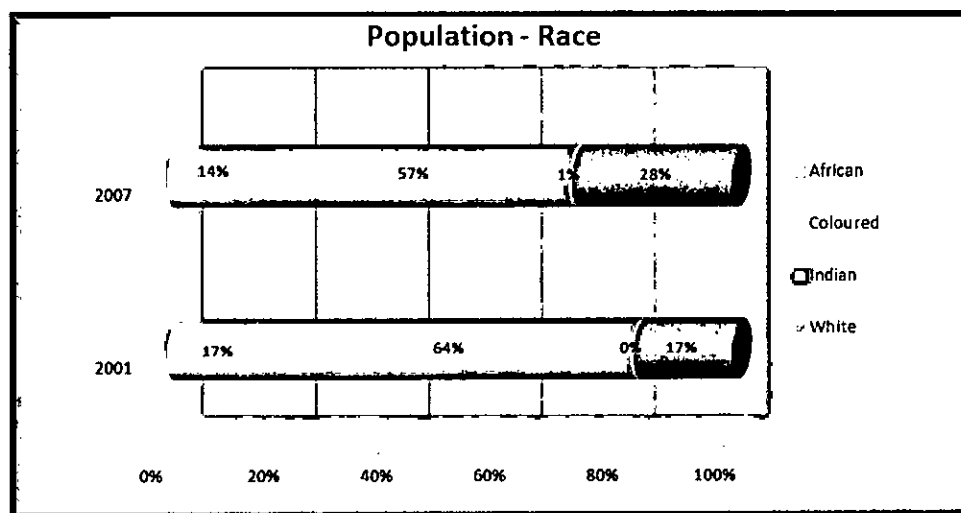
Source: West Coast Region IDP (2007/08), Stats SA 2001 Census

The following graph displays the female and male population.



Graph 3: Gender Population

The graph below represents the population by race.



Graph 4: Population by race

1.1.4 MUNICIPAL CHALLENGES

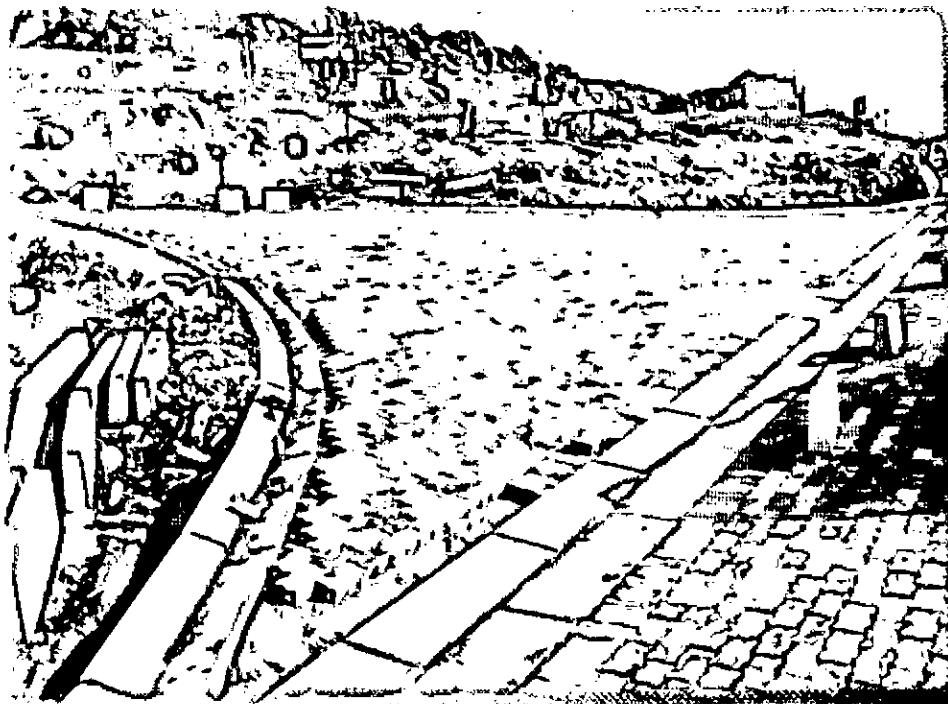
The following general challenges are experienced by the municipality:

CHALLENGES	ACTIONS TO ADDRESS
Employment and job creation	Rolling out of IDZ will create jobs and employment
Tourism development	Compiling of a tourism development strategy
Aquaculture	Compiling of a district strategy and appointment of a provincial implementation agency
SMME development	Enhance relationship with Enterprise development centers like West Coast Business Development Centre (WCBDC) locally
Ageing infrastructure and provision of bulk services	Updated Masterplans to determine infrastructure backlogs. Enter into partnership with the National/Provincial Government to secure funds for urgent upgrades. Budget provision to extend the lifespan of existing infrastructure.
Sustainable water supply	Address bulk water supply in partnership with West Coast District Municipality by means of a desalination plant.
Lack of adequate skilled staff	Implementation of Scarce skills policy. Continuous training/bursaries for current staff to improve qualifications.

Table 7: Municipal Challenges

CHAPTER 2

Governance



CHAPTER 2: GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations, 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & INDICATORS	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT
	2008/09	2009/10	2010/11
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	65	55	62

Table 8: National KPIs - Good Governance and Public Participation Performance

Note: the figure for 2008/09 was changed and therefor will not match the figure in the annual performance report.

2.2 PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Highlight	Description
Saldanha Bay municipality is South Africa's most productive local municipality – Municipal IQ	For the second successive year, Saldanha Bay has been named as the most productive local municipality and Johannesburg the most productive metro in Municipal IQ's fifth annual Municipal Productivity Index (MPI).

Table 9: Good Governance and Public Participation Performance Highlights

2.3 GOVERNANCE STRUCTURE

2.3.1 POLITICAL GOVERNANCE STRUCTURE

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

A) COUNCIL

Before the May 2011 local government elections, the Saldanha Bay Municipal Council comprised of **23** councillors, including **12** Ward Councillors and **11** Proportional Representation councillors.

Below is a table that categorised the councillors within their specific political parties and wards before 18 May 2011:

Name of councillor	Capacity	Political Party	Ward representing or proportional	Gender
R K Abdol	Executive Mayor	ANC	Ward 12	Male
I van Wyk	Executive Deputy Mayor	NPP	Proportional	Male
J J de Beer	Speaker	ANC	Ward 9	Female
M S Biko	Councillor	ANC	Ward 1	Male
J Skel	Councillor	ANC	Ward 2	Male
R R Snyders	Councillor	ANC	Ward 3	Female
J J Swartz	Councillor	ANC	Ward 4	Male
J J Cillié	Councillor	DA	Ward 5	Male
M Koen	Councillor	DA	Ward 6	Male
J Stoffels	Councillor	Independent	Ward 7	Female
L Steyn	Councillor	DA	Ward 8	Male
S J E Steyn	Councillor	DA	Ward 10	Female
A Coetzee	Councillor	ANC	Ward 11	Male
J Alexander	Councillor	ID	Proportional	Male
M P Bester	Councillor	SAFPA	Proportional	Male
A de Bruyn	Councillor	ANC	Proportional	Female

Name of councillor	Capacity	Political Party	Ward representing or proportional	Gender
W Floris	Councillor	ANC	Proportional	Female
E E Jordaan	Councillor	ID	Proportional	Female
N V Mgoqi	Councillor	ANC	Proportional	Male
B L Sheldon	Councillor	ACDP	Proportional	Male
L J Smith	Councillor	DA	Proportional	Male
J J Uys	Councillor	DA	Proportional	Male
S L van Tura	Councillor	ID	Proportional	Female

Table 10: Council until 18 May 2011

The newly elected Saldanha Bay Municipal Council comprises of **25** councillors, including **13** Ward Councillors and **12** Proportional Representation councillors.

Below is a table that categorised the councillors within their specific political parties and wards after 18 May 2011:

Name of councillor	Capacity	Political Party	Ward representing or proportional	Gender
R Jager	Executive Mayor	DA	Proportional	Female
F J Schippers	Executive Deputy Mayor	DA	Ward 7	Male
O D Daniels	Speaker	DA	Proportional	Female
M S Biko	Councillor	ANC	Ward 1	Male
J Skei	Councillor	ANC	Ward 2	Male
R J Don	Councillor	DA	Ward 3	Male
S T Vries	Councillor	DA	Ward 4	Male
F Pronk	Councillor	DA	Ward 5	Male
A Kruger	Councillor	DA	Ward 6	Male
N S Louw	Councillor	DA	Ward 8	Male
S J Masina	Councillor	Independent	Ward 9	Male
S J E Steyn	Councillor	DA	Ward 10	Female
B Jordaan	Councillor	DA	Ward 11	Female
R K Abdol	Councillor	ANC	Ward 12	Male
S L van Tura	Councillor	DA	Ward 13	Female
W W Arendze	Councillor	DA	Proportional	Male
J J Cillié	Councillor	DA	Proportional	Male
I de Bruin	Councillor	ANC	Proportional	Male
A de Bruin	Councillor	ANC	Proportional	Female
G N de Bruin	Councillor	ANC	Proportional	Male

Name of councillor	Capacity	Political Party	Ward representing or proportional	Gender
P M Jordaan	Councillor	ANC	Proportional	Male
F F B Mbanze	Councillor	DA	Proportional	Male
N V Mgoqi	Councillor	ANC	Proportional	Male
H Padayachee	Councillor	COPE	Proportional	Male
S G Sgoba	Councillor	DA	Proportional	Male

Table 11: Council after 18 May 2011

Below is a table which indicates the Council meetings attendance for the 2010/11 financial year:

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
29 July 2010	23	0
29 September 2010	21	0
20 October 2010	23	0
26 October 2010	22	1
7 December 2010	21	0
15 December 2010	21	0
21 January 2011	21	2
25 January 2011	21	2
27 February 2011	23	0
24 February 2011	21	0
24 February 2011	15	2
17 March 2011	18	1
17 March 2011	19	2
20 April 2011	20	3
9 May 2011	23	0
12 May 2011	23	0
16 May 2011	9	1
30 May 2011	25	0
31 May 2011	25	0
6 June 2011	22	0
14 June 2011	25	0
28 June 2011	22	1

Table 12: Council meetings

B) EXECUTIVE MAYORAL COMMITTEE

The Executive Mayor of the Municipality, **Councillor R Abdol**, assisted by the Mayoral Committee, headed the executive arm of the Municipality until 18 May 2011. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in the Executive Mayor to manage the day-to-day affairs. This means that the Executive Mayor has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, and as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 1 July 2010 to 18 May 2011:

Name of member	Capacity
R K Abdol	Executive Mayor
F F B Mbanze	Executive Deputy Mayor
I van Wyk	Executive Deputy Mayor (since 22 March 2011)
J J de Beer	Speaker (ex officio)
A de Bruyn	Councillor
N V Mgoqi	Councillor
J Stoffels	Councillor

Table 13: Executive Mayoral Committee until 18 May 2011

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 18 May to 30 June 2011:

Name of member	Capacity
R Jager	Executive mayor
F J Schippers	Executive Deputy mayor
O D Daniels	Speaker (ex officio)
R J Don	Councillor
N S Louw	Councillor
F Pronk	Councillor
S J E Steyn	Councillor
S L van Tura	Councillor

Table 14: Executive Mayoral Committee after 18 May 2011

The table below indicates the dates of the Committee meetings and the number of reports submitted to Council for the 2010/11 financial year:

Meeting date	Number of reports submitted to council
29 July 2010	23
10 September 2010	15
29 September 2010	53
20 October 2010	15
26 October 2010	22
27 October 2010	3
7 December 2010	60
15 December 2010	2
21 January 2011	13
25 January 2011	7
17 February 2011	5
24 February 2011	3
17 March 2011	4
24 March 2011	54
20 April 2011	3
9 May 2011	58
30 May 10	10
31 May 2011	3

Meeting date	Number of reports submitted to council
6 June 2011	3
14 June 2011	3
28 June 2011	36

Table 15: Committee Meetings

(Please note that the name and functions of the committees have on numerous occasions been altered due to the change of council.)

C) PORTFOLIO COMMITTEES

In terms of section 80 of the Municipal Structures Act, 1998, if a council has an executive committee; it may appoint in terms of section 79 committees of councillors to assist the executive committee or executive mayor. Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council.

The portfolio committees for the 2006/11 Mayoral term and their Chairpersons are as follow:

a) Technical Services and Service Delivery Portfolio Committee

The table below indicates the portfolio committee prior to 18 May 2011:

Name of member	Capacity
Ms A de Bruyn	Councillor and Chairperson
Mr M S Biko	Councillor
Ms R R Snyders	Councillor
Mr J Skei	Councillor

Table 16: Technical Services and Service Delivery Portfolio Committee prior to 18 May 2011

The table below indicates the portfolio committee that was appointed on 14 June 2011:

Name of member	Capacity
Ms S L van Tura	Councillor and Chairperson
Mr F Schippers	Deputy Executive Mayor
Mr W Arendze	Councillor
Mr S Sgoba	Councillor
Mr R Abdol	Alderman

Table 17: Technical Services and Service Delivery Portfolio Committee after 18 May 2011

Meeting dates	Number of reports submitted to council
2 June 2010	14 Items were discussed and referred to Directorate for follow-up
27 July 2010	6 Items were discussed and referred to Directorate for follow-up
30 August 2010	16 Items were discussed and referred to Directorate for follow-up
4 November 2010	14 Items were discussed and referred to Directorate for follow-up and 2 submitted to Council
8 December 2010	13 Items were discussed and referred to Directorate for follow-up and 4 submitted to Council
16 February 2011	15 Items were discussed and referred to Directorate for follow-up and 3 submitted to Council
14 April 2011	9 Items were discussed and referred to Directorate for follow-up and 2 submitted to Council

Table 18: Technical Services and Service Delivery Portfolio Committee Meetings

b) Strategic Planning and Economic Development Portfolio Committee:

The table below indicates the portfolio committee prior to 18 May 2011:

Name of member	Capacity
Ms J Stoffels	Alderman and Chairperson (Councillor)
Ms R R Snyders	Councillor
Mr A Coetzee	Councillor
Mr J Skei	Councillor

Table 19: Strategic Planning and Economic Development Portfolio Committee prior to 18 May 2011

The table below indicates the portfolio committee that was appointed on 14 June 2011:

Name of member	Capacity
Mr F Pronk	Councillor and Chairperson
Ms S van Tura	Councillor
Mr A Kruger	Councillor
Mr S Sgoba	Councillor
Mr P M Jordaan	Councillor

Table 20: Strategic Planning and Economic Development Portfolio Committee after 18 May 2011

Meeting dates Dates to be checked and updated with final draft	Number of reports submitted
8 February 2011	9

Table 21: Strategic Planning and Economic Development Portfolio Committee Meetings

c) Corporate Services Portfolio Committee:

The table below indicates the portfolio committee prior to 18 May 2011:

Name of member	Capacity
Mr N V Mgoqi	Alderman and Chairperson
Mr M S Biko	Councillor
Ms W Floris	Councillor

Table 22: Corporate Services Portfolio Committee

The table below indicates the portfolio committee that was appointed on 14 June 2011:

Name of member	Capacity
Ms S J E Steyn	Alderman and Chairperson
Mr S Vries	Councillor
Mr F F B Mbanze	Councillor
Mr J J Cillié	Councillor
Ms A de Bruyn	Councillor

Table 23: Corporate Services Portfolio Committee after 18 May 2011

Meeting dates	Number of reports
10 May 2011	6

Table 24: Corporate Services Portfolio Committee Meetings

d) Finance Portfolio Committee:

The table below indicates the portfolio committee prior to 18 May 2011:

Name of member	Capacity
Mr R Abdol	Alderman and Chairperson
Ms W Floris	Councillor
Mr J Swartz	Councillor
Ms J Stoffels	Alderman and Councillor

Table 25: Finance Portfolio Committee prior to 18 May 2011

The table below indicates the portfolio committee that was appointed on 14 June 2011:

Name of member	Capacity
Mr S Louw	Councillor and Chairperson
Mr J J Cillié	Councillor
Mr A Kruger	Councillor
Mr S Vries	Councillor
Mr J Skei	Councillor

Table 26: Finance Portfolio Committee after 18 May 2011

Meeting dates	Number of reports
No formal record of minutes for this period	No formal recording of the contents of the meeting

Table 27: Finance Portfolio Committee Meetings

e) Social Development Portfolio Committee:

The table below indicates the portfolio committee prior to 18 May 2011:

Name of member	Capacity
Mr F F B Mbanze	Councillor and Chairperson
Mr W Floris	Councillor
Ms R R Snyders	Councillor
Mr N V Mgoqi	Alderman and Councillor

Table 28: Social Development Portfolio Committee prior to 18 May 2011

The table below indicates the portfolio committee that was appointed on 14 June 2011:

Name of member	Capacity
Mr R J Don	Councillor and Chairperson
Mr N V Mgoqi	Alderman and Councillor
Ms B Jordaan	Councillor
Mr F F B Mbanze	Councillor
Mr H Padayachee	Councillor

Table 29: Social Development Portfolio Committee after 18 May 2011

Meeting dates	Number of reports
26 July 2010	No formal recording of the contents of the meeting
12 August 2010	
13 September 2010	
28 October 2010	
18 November 2010	19
16 February 2011	4

Table 30: Social Development Portfolio Committee Meetings

2.3.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the Management Team, whose structure is outlined in the table below:

Name of Official	Department	Performance agreement signed
		Yes/No
Mr James Fortuin	Municipal Manager	Yes
Mr Aldrick Hendricks	Director: Community Services	Yes
Mr Noel van Staden	Director: Corporate Services	Yes
Mr Jacques Marais	Acting Director: Technical Services	Yes

Table 31: Administrative Governance Structure

2.4 PUBLIC ACCOUNTABILITY

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;

- monitoring and review of the performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget.

2.4.1 WARD COMMITTEES

The ward committees support the Ward Councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the municipality constantly strives to ensure that all ward committees function optimally with community information provision; convening of meetings; ward planning; service delivery; IDP formulation and performance feedback to communities.

The following tables indicate the respective ward committee membership and the dates on which ward committee meetings were scheduled during 2010/2011.

Ward 1: Middelpos & Daizville West & Jacobs Bay

Name of representative	Capacity representing	Dates of meetings held during the year
Bishop Gwetyiwe	Community Safety	20 September 2010 23 September 2010 5 April 2011 6 April 2011
Johannes Greeff	Member	
Themba Fikile	Member	
Magrieta White	Housing	
Daan Grobler	Ratepayers Association, Businesses & Tourism	
Willem Koopman	Sport & Culture	
Nollzwe Vanqashe	Education & Training	
Nolufefe Madlangazi	Member	
Siyabulula Mafenuka	Health & Welfare	

Table 32: Ward 1 Committee Meetings

Ward 2: Witteklip (RDP Houses) & self-built Scheme

Name of representative	Capacity representing	Dates of meetings held during the year
Anna Arries	Education & Training	29 September 2010 7 April 2011
Veruscka Du Toit	Member	
Johanna Maarman	Health & Welfare	
Nontombezi Mduyeliwa	Community Safety	
Vivian Mvimbi	Businesses, Ratepayers Associations & Tourism	
Nomawethu Sithole	Member	
Nolubabalo Phoswayo	Member	
Moses Cupido	Member	
Lesley Lucas	Sport & Culture	
Andiswa Majingaza	Member	

Table 33: Ward 2 Committee Meetings**Ward 3: White City**

Name of representative	Capacity representing	Dates of meetings held during the year
Micheal Madagatya	Businesses, Ratepayers associations & Tourism	28 September 2010 5 April 2011
Deon Samuels	Member	
Gert Maarman	Sport & Culture	
Cornelia Samsodien	Member	
Pauleen Samuels	Education & Training	
Simon Stimela	Member	
Norena Samuels	Health & Welfare	
Juline Newman	Community Safety	
Heriëtte Stofberg	Member	
Eddie Boysie	Member	

Table 34: Ward 3 Committee Meetings

Ward 4: Diazville& RDP Houses

Name of representative	Capacity representing	Dates of meetings held during the year
McCullum Boysie	Member	22 September 2010 13 April 2011
Spuwe Jantjies	Sport & Culture	
Yasseen Manuel	Youth	
Lea Booysen	Community Safety	
Johanna Maarman	Health & Welfare	
Magrieta Petro	Education & Training	
Eddie Ockhuys	Member	
Anna Moss	Member	
Johanna Modipa	Member	

Table 35: Ward 4 Committee Meetings**Ward 5: Saldanha Town**

Name of representative	Capacity representing	Dates of meetings held during the year
P. Calitz	Sport & Culture	29 September 2010 11 April 2011
W. De Preez	Health & Welfare	
TM. Bissett	Community Safety	
MM. De Lange	Education & Training	
R. Lawrence	Businesses, Ratepayers Associations & Tourism	
B. Mathibe	Member	

Table 36: Ward 5 Committee Meetings

Ward 6: Langebaan, Green Village, Langebaanweg, Koperfontein and farms

Name of representative	Capacity representing	Dates of meetings held during the year
Gail Titus	Education & Training	5 July 2010 21 September 2010 27 September 2010 27 October 2010 2 February 2011 20 April 2011
Melbourne Davids	Sport & Culture	
Marie Brand	Health & Welfare	
Willem Du Toit	Community Safety	
Johannes Kotze	Businesses, Ratepayers Association & Tourism	
Stelle Uys	Member	
Marthe Mars	Member	
Sophia Makka	Member	
Willem Steyn	Member	
Johannes Fortuin	Member	

Table 37: Ward 6 Committee Meetings

Ward 7: Hopefield

Name of representative	Capacity representing	Dates of meetings held during the year
Fabian Petersen	Education & Training	20 September 2010 20 April 2011
Leonie Phillipus	Youth	
Mathilda Herman	Woman	
SE. Cleophas	Health & Welfare	
Jl. Bouwers	Religion	
B. Abrahams	Sport & Culture	

Table 38: Ward 7 Committee Meetings

Ward 8: Vredenburg North & Louwville (Yskor) South

Name of representative	Capacity representing	Dates of meetings held during the year
BL. Beukes	Sport & Culture	30 September 2010 12 April 2011
A Beukes	Health & Welfare	
T. Lucas	Community Safety	
J. Bester	Education & Training	
J. Kotze	Businesses, Ratepayers Association & Tourism	

Table 39: Ward 8 Committee Meetings**Ward 9: Ongegund**

Name of representative	Capacity representing	Dates of meetings held during the year
OJ. Mjada	Education & Training	23 September 2010 6 April 2011
S. Bavuma	Sport & Culture	
B. Filtane	Health & Welfare	
S. Qliphele	Member	
L. Dyasie	Businesses, Ratepayers Association, & Tourism	
V. Lungile	Member	
F. Conradie	Education & Training	
G. Nangu	Member	

Table 40: Ward 9 Committee Meetings**Ward 10: Vredenburg South & Louwville North**

Name of representative	Capacity representing	Dates of meetings held during the year
Elaine Cupido	Health & Welfare	27 September 2010 14 April 2011
Elizabeth Persens	Religion	
Maria Nel	Woman	
Fred Louw	Sport & Culture	
Willem Goosen	Businesses, Ratepayers Association & Tourism	
Stephanus Louw	Additional	
Martha Ruiters	Additional	

Table 41: Ward 10 Committee Meetings

Ward 11: St. Helena Bay & Paternoster

Name of representative	Capacity representing	Dates of meetings held during the year
Susan Coraizin	Sport & Culture	22 September 2010 28 September 2010 7 April 2011 11 April 2011
Naomi Cloete	Health & Welfare	
Natalie Van Den Heever	Businesses, Ratepayers Association & Tourism	
Kathy Clarke	Community Safety	
Daphny Coetzee	Additional	
Richard Gogwana	Additional	

Table 42: Ward 11 Committee Meetings

Ward 12: Laingville

Name of representative	Capacity representing	Dates of meetings held during the year
BM. Afrika	Education & Training	21 September 2010 4 April 2011
J. Alexander	Businesses, Ratepayers Association & Tourism	
W. Rooi	Community Safety	
M. Pukwana	Sport & Culture	
T. Peter	Religion	
R. Kusch	Health & Welfare	
V. Yon	Additional	
F. Van Rensburg	Additional	

Table 43: Ward 12 Committee Meetings

Ward 13: Yskor & Part of Self Built Scheme

This is a new ward in terms of the new demarcation and was only constituted after the Local Government elections on 18 May 2011. The election of member will be conducted in August 2011.

2.4.2 FUNCTIONALITY OF WARD COMMITTEE

The purpose of a ward committee is:

- to get better participation from the community to inform council decisions;
- to make sure that there is more effective communication between the council and the community; and
- to assist the ward councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward Councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward Councillor who makes specific submissions directly to the Council. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

Vacancies which existed were advertised, calling for nominations, and although fourteen of the vacant positions were filled, a total of seven vacancies still exist. Council resolved that, in view of the vacancies that still exist, the period for submission of nominations be extended indefinitely to allow submissions to be accepted on an ongoing basis, and such submissions to be submitted to Council on a quarterly basis.

Transport is provided, where necessary, to ward committee members to attend Ward Committee meetings and functions where public participation, through the Ward Committee system is required.

Venues have been established for the Ward meetings, and support personnel, through the Community Liaison Officers and Community Development Workers have been put at their disposal. Food and beverages are provided at the ward committee meetings.

A stipend of R500 every second month has been approved for all ward committee members, provided that they attend at least one ward committee meeting per month as part of their participatory functions as ward committee members.

The table below provides information on the establishment of Ward Committees and their functionality:

Ward Number	Committee established Yes / No	Number meetings held during the year	Committee functioning effectively Yes / No
1	Yes	10	Yes
2	Yes	10	Yes
3	Yes	10	Yes
4	Yes	10	Yes
5	Yes	0	Yes
6	Yes	10	Yes
7	Yes	10	Yes
8	Yes	3	Yes
9	Yes	10	Yes
10	Yes	10	Yes
11	Yes	7	Yes
12	Yes	10	Yes
13	No, election of members will only be conducted in August 2011	n/a	n/a

Table 44: Functioning of Ward Committees

2.4.3 REPRESENTATIVE FORUMS

A) LABOUR FORUM

The table below specifies the members of the Labour forum for the 2010/11 financial year:

Name of representative	Capacity	Meeting dates
Ms SJE Steyn	Councillor	30 July 2010 (postponed) 23 August 2010 15 September 2010 21 October 2010 26 November 2010 10 February 2011 22 February 2011 3 March 2011 (postponed) 7 April 2011 (postponed)
Me A de Bruyn	Councillor	
Mr V Mgoqi	Councillor	
Mr J Skel	Councillor	
Mrs J Stoffels	Councillor	
Mr F Mbanze	Councillor	
Mr J Fortuin	Municipal Manager	
Mr NI van Stade	Director: Corporate Services	
Mr A Hendricks	Director: Social Services	
Mr JG Marais	Acting Director: Technical Services	

Name of representative	Capacity	Meeting dates
Mr J van Coller	Acting CFO	
Mr L Gaffley	Acting Director: Strategic Planning	
Ms R Hendricks	Acting Human Resources Manager	
Mr S de Bruyn	SAMWU	
Mr K Friester	SAMWU	
Ms I de Beer	SAMWU	
Mr C de Bruyn	SAMWU	
Mr I Mphulanyana	SAMWU	
Mr J Adams	SAMWU	
Ms J Blaauw	SAMWU	
Mr C George	SAMWU	
Mr G Swartz	SAMWU	
Mr M Rosant	SAMWU	
Mr C Wyngaard	IMATU	
Mr E Scholtz	IMATU	
Mr G van Schalkwyk	IMATU	
Mr K Koert	IMATU	

Table 45: Labour Forum

2.4.4 IZIMBIZO

Izimbizo gives further effect and concrete expression to participatory democracy so that communities can exercise their rights to be heard, and assist with the national effort to build a better life for all.

Government launched the Izimbizo programme in 2001 as a period of intensified activity where all spheres of government - national, provincial and local - interact with the people across the country. The Izimbizo initiative plays an important role as an interactive style of governance, which creates more space for public participation and involvement around interactive implementation of government's Programme of Action.

Izimbizo is about unmediated communication between government and its people. It is a forum for enhancing dialogue and interaction between senior government executives and ordinary people and provides an opportunity for government to communicate its programmes and progress directly to the people. Izimbizo also promotes participation of the public in the programmes to improve their lives. Interaction through Izimbizo highlights particular problems needing attention, blockages in implementation of policy, or policy areas that may need review. It draws public input into how best to tackle challenges and gives the President and others direct access

to what people say and feel about government and service delivery, to listen to their concerns, their grievances and advice about the pace and direction of government's work.

The table below categorise the date of events held within the different types of Izimbizo:

Type of Imbizo	Date of events	Event Purpose	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)
Housing	18 September 2010	Housing challenges	2 Paternoster	New houses	Paternoster –in process
Indigent awareness	18 September 2010	Explain and filling of application forms	6	Enquiry ,New and renewals of applications	Applications will be approved if meeting the criteria

Table 46: Izimbizo

2.5 CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.5.1 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

A) DEVELOPED STRATEGIES

Name of strategy	Developed Yes/No	Date Adopted/Reviewed
Fraud Prevention Strategy (inclusive of policy, control strategies and fraud response plan)	Yes	26 October 2010

Table 47: Strategies

Structural strategies according to the Fraud Prevention Strategy include the establishment of an Anti-Fraud and Corruption Committee that will oversee the approach of the Municipality approach to fraud prevention, fraud

detection strategies and response to fraud and corruption incidents reported by employees or other external parties. Such a Committee has not been established.

The following are some of the operational, preventative, detection, response and maintenance strategies identified in the Fraud Prevention Strategy with an indication of the progress in this regard:

B) IMPLEMENTATION OF STRATEGIES

Structural Strategies	Operational Strategies	Maintenance Strategies
The Accounting Authority / Officer bear the ultimate responsibility for fraud and corruption risk management within Saldanha Bay Municipality. This includes the coordination of risk assessments, overseeing the investigation of suspected fraud and corruption, and facilitation for the reporting of such instances.	<p>Internal controls are the first line of defense against fraud and corruption. While internal controls may not fully protect Saldanha Bay Municipality against fraud and corruption, they are essential elements in the overall Anti-Fraud and Corruption Strategy.</p> <p>Saldanha Bay Municipality staff members are bound by the South African law (both statute and common law), the terms and conditions of their employment and also the Code of Conduct for Municipal Staff Members, Saldanha Bay Municipality policies and instructions issued by management from time to time to ensure that public funds are safeguarded.</p>	Saldanha Bay Municipality will conduct a review of the Anti-Fraud and Corruption Strategy and Fraud Response Plan annually to determine the effectiveness thereof. The Accounting Authority / Officer are ultimately accountable for this review and may appoint a person to take responsibility for this.

Table 48: Implementation of Strategies

2.5.2 AUDIT COMMITTEE/S

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must -

(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to -

- internal financial control;
- risk management;
- performance Management; and
- effective Governance.

A) FUNCTIONS OF THE AUDIT COMMITTEE

The Audit Committee also acts as the Performance Committee.

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 and the Local Government Municipal and Performance Management Regulation:

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual DoRA and other applicable legislation.
- Respond to the council on any issues raised by the Auditor-General in the audit report.
- Carry out such investigations into the financial affairs of the municipality as council may request.
- To review the quarterly reports submitted to it by the internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.
- To evaluate the compliance to existing policies and relevant legislation.
- To review the performance management system and make recommendations in this regard to Council.
- To assess whether the performance indicators are sufficient.
- To determine possible reasons for discrepancies between performance and targets.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimized.
- To review the annual report of the municipality.
- Investigating cases of fraud, misbehaviour and conflict of interest involving employees.
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Review audit results and action plans implemented by management.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.

B) MEMBERS OF THE AUDIT COMMITTEE

Name of representative	Capacity	Meeting date
Alfons Janse Van Rensburg	Chairperson	8 September 2010
Arnold Engel	Member	8 December 2010
Mariaan Roos	Member	23 February 2011 4 May 2011

Table 49: Members of the Audit Committee

2.5.3 INTERNAL AUDITING

Section 165 (2) (a), (b)(iv) of the MFMA requires that:

The internal audit unit of a municipality must –

- (a) prepare a risk based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
- (c) risk and risk management.

The Internal Audit Activity is an independent section in the office of the Municipal Manager at Saldanha Bay Municipality and forms a significant part of governance within the Municipality, thus contributing to ensure good governance and regulatory reform. Internal Audit is mandated to provide independent, objective assurance and consulting services, towards adding value and improve the Municipality's operations.

During the 2009/10 financial year, the Internal Audit Activity provided assurance regarding the adequacy and effectiveness of controls in business processes, as well as in specialised areas such Performance Management and Risk Management. Internal Audit conducted follow-up audits, which indicated a low implementation rate of management corrective actions to address internal audit and auditor general findings from the prior year and / or period of review.

The Internal Audit Activity performs the risk management function as specified in the National Treasury Enterprise Risk Framework. The Internal Audit Activity has developed the Risk Management Policy and Fraud Prevention in line with the National Treasury prescriptions and is a key driver to have risk management embedded within the Municipality.

More generally speaking, the process of risk identification and risk assessment was embarked on with the assistance from Provincial Treasury, however, the implementation of enterprise wide risk management is imperative, and requires more than one financial year to become established.

Risk management was previously an ad hoc process, and various components across the Municipality were not integrated. The process of establishing risk management has therefore started, and the increasing discussion and debate around risk management issues is proof of the progress made in this regard.

Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Function	Date/Number
Risk based audit plan approved for 2010/11 financial year	8 September 2010
Internal audit programme drafted and approved	8 September 2010
Number of audits conducted and reported on	18
Audit reports included the following key focus areas:	
<i>Internal controls</i>	7
<i>Accounting procedures and practices</i>	5
<i>Risk and risk management</i>	0
<i>Performance management</i>	2
<i>Loss control</i>	4
<i>Compliance with the MFMA and other legislation</i>	2

Table 50: Internal Audit Functions

2.5.4 AUDITOR GENERAL

Saldanha Bay Municipality was audited by the Auditor-General of South Africa in terms of section 188 of the Constitution and section 4 of the Public Audit Act and section 126 of the MFMA and the audit report for the financial year under review is in Annexure B of this report.

2.5.5 BY-LAWS AND POLICIES

Section 11 of the MSA gives municipal Councils the executive and legislative authority to pass and implement by-laws and policies.

- No by-laws have been develop or revised for the 2010/11 financial year.

Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Tariff Policy	6 June 2011	31 March 2011
Credit Control and Indigent Policy	6 June 2011	31 March 2011
Supply Chain Management Policy	6 June 2011	31 March 2011
Property Rates Policy	6 June 2011	31 March 2011
Grant-in Aid Policy	6 June 2011	31 March 2011
Cash and Investment Policy	6 June 2011	31 March 2011
Asset Management Policy	6 June 2011	31 March 2011
Virement Policy	6 June 2011	31 March 2011
Funding and Reserves Policy	6 June 2011	31 March 2011

Table 51: Policies

2.5.6 COMMUNICATION

The constitution of the Republic of South Africa Act 1996 impose the obligation on local government to communicate and to ensure transparency, accountability, openness, participate and to direct communication with the communities to improve the lives of all. As a creature of statute, local government has a legal mandate and obligation and political responsibility to ensure regular and effective communication with the community.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication unit	Yes, part of strategic services section
Communication strategy	Yes
Communication Policy	Draft
Customer satisfaction surveys	Systems development in process
Functional complaint management systems	Systems development in process
Newsletters distributed at least quarterly	No

Table 52: Communication Activities

2.5.7 WEBSITES

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget, adjustments budgets and budget related documents and policies.

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Documents published on the Municipal website	Yes or No
Current annual and adjustments budgets and all budget-related documents	Yes
Budget implementation policy: Tariff policy	Yes
Budget implementation policy: Credit control policy	Yes
Budget implementation policy: Rates policy	Yes
Budget implementation policy: SCM policy	Yes
Annual report for 2009/10	Yes
Performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act for 2010/11	Yes
All service delivery agreements for 2010/11	n/a
All long-term borrowing contracts for 2010/11	Yes
All supply chain management contracts above the prescribed value for 2010/11	Yes
Information statement containing a list of assets over a prescribed that have been disposed of in terms of section 14 (2) or (4) of the MFMA during 2010/11	Yes
Contracts agreed in 2010/11 to which subsection (1) of section 33 of the MFMA apply, subject to subsection (3) of that section	No
Public-private partnership agreements referred to in section 120 of the MFMA made in 2010/11	n/a
All quarterly reports tabled in the council in terms of section 52 (d) of the MFMA during 2010/11	Yes

Table 53: Website Checklist

CHAPTER 3

Organisational Development Performance



CHAPTER 3: ORGANISATIONAL DEVELOPMENT PERFORMANCE

3.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & INDICATORS	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT
	2008/09	2009/10	2010/11
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	0	0	0
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.95	0.66	0.59

Table 54: National KPIs– Municipal Transformation and Organisational Development

3.2 PERFORMANCE HIGHLIGHTS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Highlight	Description
IRCA 5 STAR Grading	The National Occupational Safety Assessment

Table 55: Performance Highlights– Municipal Transformation and Organisational Development

3.3 CHALLENGES – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Challenge	Actions to address
Political Instability	The politicians are in control of the appointment of section 57 appointees and the composition of the council. Councillors also part of the staffing committee.
Budget Constraints to improve capacity	Motivate for increased budget provision in future years

Table 56: Challenges – Municipal Transformation and Organisational Development

3.4 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Saldanha Bay Municipality currently employs **926** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

3.4.1 EMPLOYMENT EQUITY

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

A) EMPLOYMENT EQUITY TARGETS/ACTUAL

African			Coloured			Indian			White		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
293	213	73%	612	652	107%	0	0	0	77	86	112%

Table 57: 2010/11 EE targets/Actual by racial classification

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
591	654	111%	385	291	76%	8	6	75%

Table 58: 2010/11 EE targets/actual by gender classification

B) EMPLOYMENT EQUITY VS. POPULATION

Description	African	Coloured	Indian	White	Total
Population numbers	11 286	44 985	513	22 288	78 982
% Population	14.3	56.8	0.65	28.2	100
Number for positions filled within 2010/11	47	104	0	9	160
Number for positions filled	207	639	0	80	926
% for Positions filled	22.7	69	0	8.6	100

Table 59: EE population 2010/11

C) OCCUPATIONAL CATEGORIES - RACE

Below is a table that indicate the number of employees by race within the specific occupational categories :

Posts filled									
Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	0	13	0	8	0	4	0	1	26
Professionals	0	8	0	5	1	4	0	5	23
Technicians and associate professionals	10	81	0	24	6	6	0	4	131
Clerks	11	41	0	3	16	73	0	22	166
Service and sales workers	9	19	0	3	5	24	0	2	62
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	11	55	0	1	0	0	0	0	67
Elementary occupations	103	231	0	2	35	80	0	0	451
Total permanent	144	448	0	46	63	191	0	34	926

Table 60: Occupational Categories

D) OCCUPATIONAL LEVELS - RACE

The table below categories the number of employees by race within the occupational levels

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	5	0	4	0	0	0	0	9
Senior management	0	8	0	3	0	0	0	0	11
Professionally qualified and experienced specialists and mid- management	0	6	0	6	3	4	0	4	23
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	19	103	0	24	9	33	0	6	194
Semi-skilled and discretionary decision making	11	41	0	6	16	74	0	24	172

Occupational	Male				Female				Total
Levels	A	C	I	W	A	C	I	W	
Unskilled and defined decision making	114	285	0	3	35	80	0	0	517
Total permanent	144	448	0	46	63	191	0	34	926

Table 61: Occupational Levels

E) DEPARTMENTS - RACE

The following table categories the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Mayor	0	0	0	0	0	0	0	0	0
Office of the Municipal Manager	0	8	0	1	0	0	0	0	9
Corporate Services	0	6	0	4	15	15	0	5	45
Financial Services	12	36	0	8	2	70	0	23	151
Planning and Strategic Services	0	14	0	6	0	6	0	2	28
Community Services	42	109	0	9	21	67	0	3	251
Technical Services	90	275	0	18	25	33	0	1	442
Total permanent	144	448	0	46	63	191	0	34	926

Table 62: Department - Race

3.4.2 VACANCY RATE

The staff establishment for the municipality had 995 posts for the 2010/11 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 69 Posts were vacant at the end of 2010/11, resulting in a vacancy rate of **6.9%**.

Below is a table that indicates the vacancies within the municipality:

PER POST LEVEL		
Post level	Filled	Vacant
MM & MSA section 57 & 56	26	2
Middle management	154	8
Admin Officers	166	14
General Workers	451	16
Other workers	129	29
Total	926	69
PER FUNCTIONAL LEVEL		
Functional area	Filled	Vacant
Office of the Mayor's Office	-	-
Office of the Municipal Manager	9	2
Corporate Services	45	1
Financial Services	151	13
Planning and Strategic Services	28	1
Community Services	251	16
Technical Services	442	36
Total	926	69

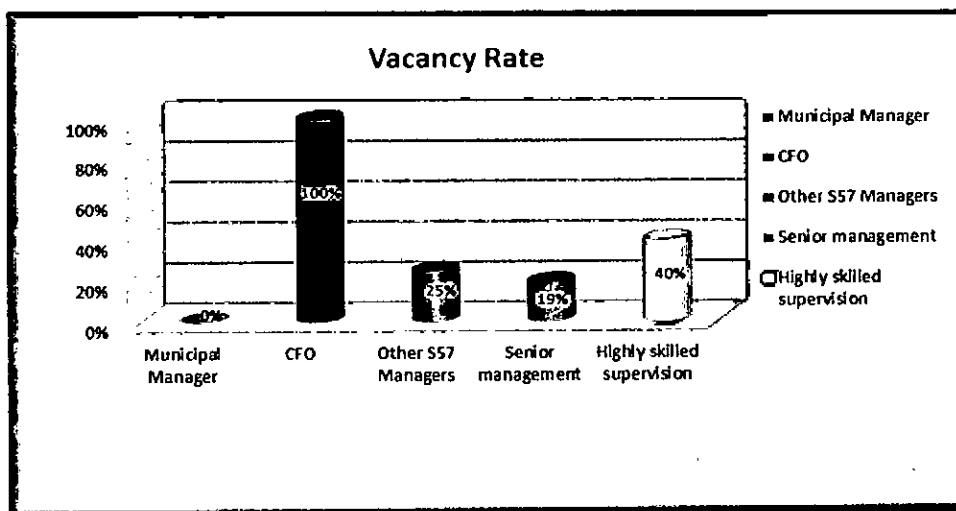
Table 63: Vacancy rate per post and functional level

The table below indicates the number of staff per level expressed as total positions and current vacancies expressed as full time staff equivalents:

Salary Level	Number of current critical vacancies	Number total posts as per organogram	Vacancy job title	Vacancies (as a proportion of total posts per category)
Municipal Manager	0	1	-	0
Chief Financial Officer	1	1	CFO	100
Other Section 57 Managers	1	4	Director: Strategic Services	25
Senior management	6	31	<ul style="list-style-type: none"> • Head: Parks • Chief Accountant: Fin Statements & Operations • Manager: Solid Waste • Manager: IT • Manager: Financial Operations • Manager: Budgeting 	19
Highly skilled supervision	4	10	<ul style="list-style-type: none"> • Superintendent: Roads • Superintendent: Solid Waste • Foreman: Workshop • Environmental Officer 	40
Total	12	47	n/a	26

Table 64: Vacancy rate per salary level

The following graph specifies the vacancy rate as a percentage per salary level



Graph 5: Vacancy rate

3.4.3 TURNOVER RATE

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate shows a **decrease** from **5.51%** in 2009/10 to **3.78%** in 2010/11.

The following table indicates the turn-over rate over the last three years:

Financial year	No total appointments as of beginning of financial year	New appointments	No Terminations during the year	Turn-over Rate
2008/09	711	77	54	4.5%
2009/10	734	149	47	3.9%
2010/11	836	125	36	3%

Table 65: Turnover Rate

3.5 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analyzing and coordinating employee behavior.

3.5.1 INJURIES

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate shows a slight **decrease** for the 2010/11 financial year from **8** employees injured against **13** employees in the 2009/10 financial year.

The table below indicates the total number of injuries within the different directorates:

Directorates	2008/09	2009/10	2010/11
Office of the Municipal Manager	0	0	0
Financial Services	0	0	3
Technical Services	14	10	3
Corporate Services	0	0	0
Community Services	2	3	2
Planning and Strategic Services	0	0	0
Total	16	13	8

Table 66: Injuries

3.5.2 SICK LEAVE

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of employees that have taken sick leave during the 2010/11 financial year shows an **increase** when comparing it with the 2009/10 financial year.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2008/09	2009/10	2010/11
Office of the Municipal Manager	108	145	126
Corporate Services	267	246	351
Financial Services	866	1 203	1 095
Community Services	576	687	591
Technical Services	3 283	3 448	3 937
Planning and Strategic Services	66	111	208
Total	5 110	5 729	6 308

Table 67: Sick Leave

3.5.3 HR POLICIES AND PLANS TO BE REVISED

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved:

Approved policies	
Name of policy	Date approved/ revised
Bursary officials	To be revised
Bursary children	To be revised
Essential Services Agreement	To be revised
Recruitment & Selection (Staffing)	To be revised
Scarce Skills	To be revised

Table 68: HR policies and plans

3.5.4 EMPLOYEE PERFORMANCE REWARDS

In accordance with regulation 32, a performance bonus, based on affordability, maybe paid to an employee, after

- (1) the annual report for the financial year under review has been tabled and adopted by the municipal council;
- (2) an evaluation of performance in accordance with the provisions of regulation 23; and
- (3) approval of such evaluation by the municipal council as a reward for outstanding performance.

The evaluation of the performance of Section 57 managers forms the basis for rewarding outstanding performance.

The table below shows the total number of S57 that received performance rewards:

Race	Gender	Number of beneficiaries	Total number of employees received performance rewards	% Employees received performance rewards
African	Female	0	0	0
	Male	0	0	0
Asian	Female	0	0	0
	Male	0	0	0
Coloured	Female	0	0	0
	Male	4	0	0
White	Female	0	0	0
	Male	0	0	0
Disability	Female	0	0	0
	Male	0	0	0
Total		4	0	0

Table 69: Performance Rewards

3.6 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

3.6.1 SKILLS MATRIX

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
MM and S57	Female	0	2
	Male	0	0
Legislators, senior officials and managers	Female	0	0
	Male	16	13
Associate professionals and Technicians	Female	7	12
	Male	51	56
Professionals	Female	9	6
	Male	7	8
Clerks	Female	42	37
	Male	19	22
Service and sales workers	Female	24	17
	Male	14	10
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	0	0
	Male	34	20
Elementary occupations	Female	125	35
	Male	279	99
Sub total	Female	207	109
	Male	420	228
Total		627	337

Table 70: Skills Matrix

3.6.2 SKILLS DEVELOPMENT – TRAINING PROVIDED

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Number of employees as at the beginning of the financial year	Training provided within the reporting period						
			Learnerships		Skills programmes & other short courses		Total		
			Actual	Target	Actual	Target	Actual	Target	% Variance
MM and S57	Female	0	0	0	2	2	2	2	0
	Male	0	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	0	0	0	0	0	0	0	0
	Male	16	0	0	13	16	13	16	(19)
Professionals	Female	10	0	0	12	7	12	7	71
	Male	8	0	0	56	51	56	51	10
Technicians and associate professionals	Female	14	0	0	6	9	6	9	(33)
	Male	109	2	3	8	7	10	10	0
Clerks	Female	111	9	13	37	42	46	55	(16)
	Male	52	7	9	22	19	29	28	4
Service and sales workers	Female	37	0	0	17	24	17	24	(29)
	Male	31	0	0	10	14	10	14	(29)
Craft and related trade workers	Female	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0	0
	Male	65	3	47	20	34	23	81	(72)
Elementary occupations	Female	110	2	19	35	125	37	144	(74)
	Male	286	13	71	99	279	112	350	(68)
Sub total	Female	288	11	33	109	209	120	242	(51)
	Male	582	25	130	228	422	255	552	(54)
Total		870	36	163	337	629	373	792	(53)

Table 71: Skills Development

3.6.3 SKILLS DEVELOPMENT - BUDGET ALLOCATION

The table below indicates that a total amount of **R1 000 000.00** was allocated to the workplace skills plan and that **99.8%** of the total amount were spent in the 2010/11 financial year:

Total personnel budget	Total Allocated	Total Spend	% Spend
R167 829 845	R1 000 000	R998 400	99.8

Table 72: Budget allocated and spent for skills development

3.7 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

3.7.1 PERSONNEL EXPENDITURE

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past three financial years and that the municipality is well within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage (%)
	R'000	R'000	
2008/09	112 946	382 478	29.5
2009/10	129 652	454 873	28.5
2010/11	148 948	510 510	29.2

Table 73: Personnel Expenditure

Note: Some of the previous year's figures were amended and will therefore differ from the previous annual report's figures.

Below is a summary of Councillor and staff benefits for the year under review:

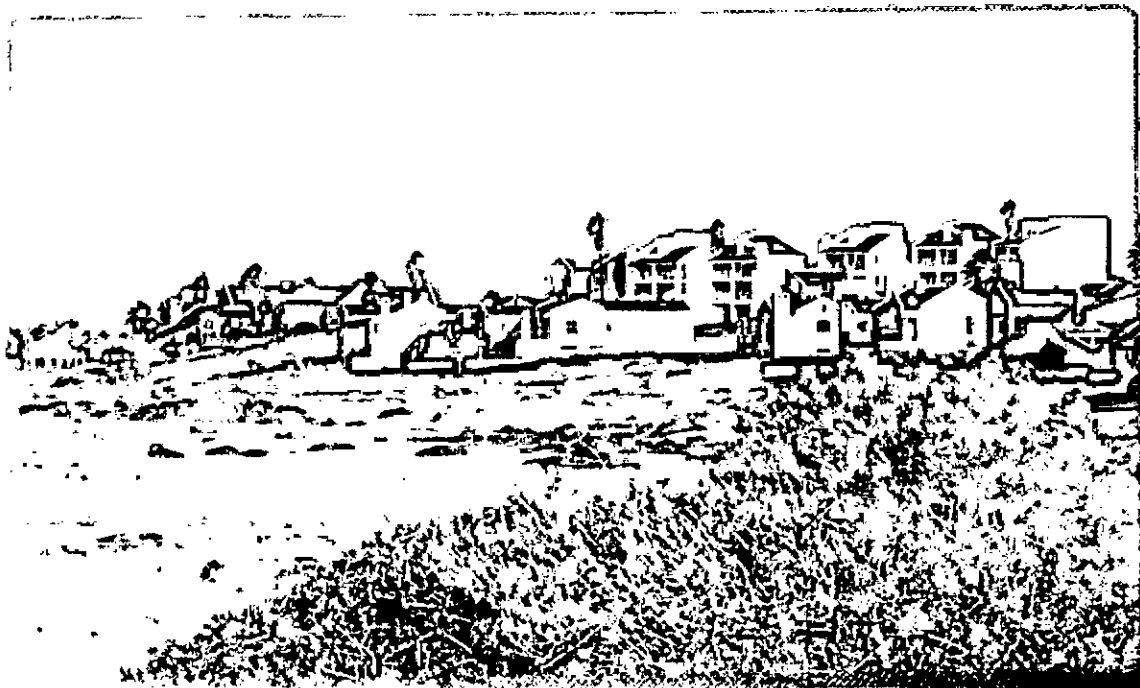
Financial year	2008/09	2009/10	2010/11		
Description	Actual	Actual	Original Budget	Adjusted Budget	Actual
	R'000	R'000	R'000	R'000	R'000
Councillors (Political Office Bearers plus Other)					
Salary	5 411	4 106	5 099	5 099	4 224
Pension Contributions	0	0	0	0	0
Medical Aid Contributions	0	0	0	0	0
Motor vehicle allowance	0	1 369	1 668	1 668	1 537
Cell phone allowance	0	281	334	334	327
Housing allowance	0	0	0	0	0
Other benefits or allowances	0	0	0	0	0
In-kind benefits	0	0	0	0	0
Total	5 411	5 756	7 101	7 101	6 088
% increase/ (decrease)	–	6.4	23.4	–	(14.3)
Senior Managers of the Municipality					
Basic Salaries and Wages	3 323	2 953	3 136	3 136	2 925
Pension/Medical Aid Contributions	408	697	880	880	729
Motor vehicle allowance	529	857	1 021	1 021	806
Cell phone allowance	0	0	9	9	9
Housing allowance	142	227	93	93	87
Performance Bonus	22	72	53	53	53
Other benefits or allowances	0	0	463	463	463
In-kind benefits	0	0	0	0	0
Sub Total	4 424	4 806	5 655	5 655	5 072
% increase/ (decrease)	–	8.6	17.7	–	(10.3)
Other Municipal Staff					
Basic Salaries and Wages	64 827	74 288	102 207	102 207	88 877
Bonus	6 484	6 577	8 793	8 793	7 744
Pension Contributions	10 433	12 942	16 514	16 514	15 316
Medical Aid Contributions	5 008	5 802	8 785	8 785	4 672
Motor vehicle allowance	2 048	2 483	2 588	2 588	2 138
Cell phone allowance	10	22	50	50	26

Financial year	2008/09	2009/10	2010/11		
Description	Actual	Actual	Original Budget	Adjusted Budget	Actual
	R'000	R'000	R'000	R'000	R'000
Housing allowance	741	698	1 394	1 394	639
Overtime	6 593	6 832	6 076	6 076	8 249
UIF	684	791	843	843	957
Other benefits or allowances	6 282	8 655	7 824	7 824	9 170
Sub Total	103 111	119 090	155 074	155 074	137 788
% increase/ (decrease)	-	15.5	30.2	0.0	(11.1)
Total Municipality	112 946	129 652	167 830	167 830	148 948
% increase/ (decrease)	-	14.8	29.4	0.0	(11.3)

Table 74: Personnel Expenditure

CHAPTER 4

Strategic Performance



CHAPTER 4: STRATEGIC PERFORMANCE

This chapter will provide information on the strategic performance of the municipality and will indicate how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This chapter speaks to the strategic performance highlights in terms of the Municipality's IDP, performance on basic service delivery and backlogs addressed the MIG projects as well as the spending priorities for the following year. It addresses the communication and public participation processes of the Municipality to give a holistic view of how the Municipality communicates performance to its stakeholders.

The Strategy map below specifies the strategic link of the focus areas of the Saldanha Bay municipality aligned with the National Key Performance Areas. The National Key Performance Areas is aligned with the Strategic Objectives that were identified in the 2010/11 reviewed IDP. The strategic objectives are linked to the outcomes for 2010/11. These alignments are directly linked to the Saldanha Bay municipality's vision and mission.

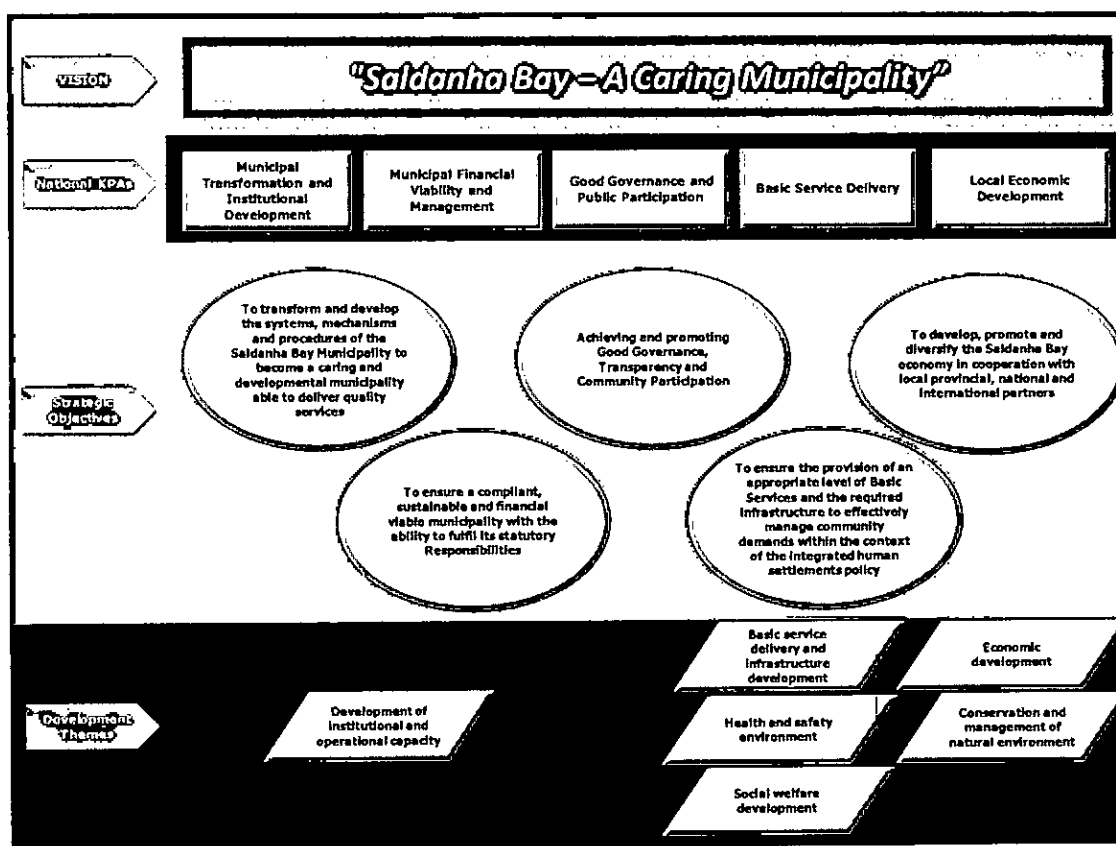


Figure 2: Strategy Map

The Municipal Systems Act, 2000 (Act 32 of 2000) and the Local Government: Municipal Planning and the Performance Management Regulations 2001 require municipalities to adopt a performance management system. Once the IDP and budget have been prepared and approved, the Municipality prepared their Service Delivery and Budget Implementation Plan (SDBIP) in accordance with the MFMA and MFMA Circular 13. The SDBIP indicates monthly performance targets, financial performance targets and assigns responsibility to execute the respective performance targets. The Municipality assessed its performance on a monthly basis and reported progress on performance against targets set to Council quarterly and ultimately presents the annual performance results in this annual report.

4.1 NATIONAL KEY PERFORMANCE INDICATORS – BASIC SERVICE DELIVERY AND LOCAL ECONOMIC DEVELOPMENT

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the following two National Key Performance Areas: Basic Service Delivery and Local Economic Development.

KPA & INDICATORS	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT	MUNICIPAL ACHIEVEMENT
	2008/09	2009/10	2010/11
Basic Service Delivery			
The percentage of households earning less than R 1 100 per month with access to free basic services	95	98	100
The percentage of households with access to basic level of water	100	100	100
The percentage of households with access to basic level of sanitation	100	100	100
The percentage of households with access to basic level of electricity	89	94	94
The percentage of households with access to basic level of solid waste removal	100	100	100
Local economic development			
The number of jobs created through municipality's local economic development initiatives including capital projects	8	20	1 372

Table 75: National KPIs – Basic Service Delivery and Local Economic Development

4.2 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LAYER)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The top layer SDBIP is the municipality's strategic scorecard and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements)

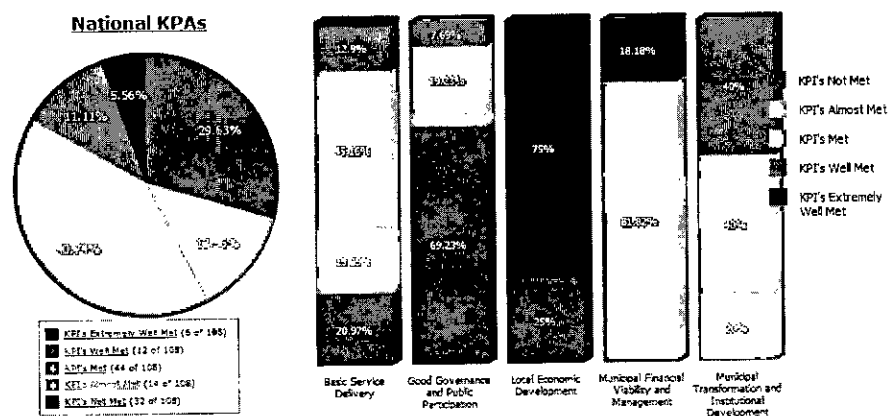
In the paragraphs below the performance achieved is illustrated against the top layer SDBIP according to the 5 National Key Performance Areas linked to the Municipal Key Performance Areas and IDP (strategic) Objectives.

The following figure illustrates the method in which the strategic service delivery budget implementation plan is measured:

Category	Color	Explanation
KPI's Not Yet Measured		KPIs with no targets or actuals in the selected period.
KPI's Not Met		0% \geq Actual/Target < 75%
KPI's Almost Met		75% \geq Actual/Target < 100%
KPI's Met		Actual/Target = 100%
KPI's Well Met		100% > Actual/Target < 150%
KPI's Extremely Well Met		Actual/Target \geq 150%

Figure3: SDBIP Measurement Categories

The graph below displays the performance per National Key Performance Areas:



Graph 6: Performance per National Key Performance Area

Below is the top level SDBIP according to the 5 National Key Performance Areas linked to the Municipal Key Performance Areas and IDP (strategic) Objectives.

4.2.1 TOP LAYER SDBIP - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The National Key Performance Area Good Governance and Public Participation are linked to the Municipal Key Performance Area namely Development of Institutional and Operational Capacity. The IDP Objective that is linked to Good Governance and Public Participation is: *"Achieving and promoting Good Governance, Transparency and Community Participation."*

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Performance for 2010/11		Performance comment	Corrective action
					Target	Actual		
Approval of adjustments budget	Approval of adjustments budget before legislative deadline	All	1	New KPI	1	0	Approved by Council on 24 February 2011	n/a
Approval of Main budget	Approval of Draft budget before end March	All	1	New KPI	1	0	Approved by Council on 30 March 2010	n/a
Approval of Main budget	Approval of Main budget before end May	All	1	New KPI	1	0	Approved by Council on 14 June 2010	n/a
Approval of SDBIP	Approval of SDBIP before legislative deadline	All	85%	New KPI	100%	0%	SDBIP was not approved within the legislative timeframes.	Timeline drafted for 11/12 SDBIP and periodically reviewed.
Effective functioning of committee system	No of sec 79 committee meetings per committee per annum	All	12	New KPI	12	0	System was not updated, but the correct actual was 29 meetings for the year	n/a
Effective functioning of council	No of council meetings	All	12	New KPI	6	0	System was not updated, but the correct actual was 23 meetings for the year	n/a
IDP endorsed by all wards	No of ward committees endorsing IDP	All	11	New KPI	12	0	Non-compliant.	Interim IDP coordinator assigned.
Reviewed IDP	IDP reviewed by end May	All	100%	New KPI	100%	0%	Adopted by Council on 6 July 2011.	Assistance obtained from Provincial Treasury to assist with population and submission of IDP.
Audit Committee and Internal Audit charters	Review of Appropriate and approved Charters	All	1	New KPI	1	1	n/a	n/a
Citizen satisfaction survey conducted	% Citizen satisfaction survey conducted	All	0%	New KPI	1%	0%	Not done	Designated officials tasked to develop strategy and implementation plan.

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Performance for 2010/11		Performance comment	Corrective action
					Target	Actual		
Functional audit committee	No of meetings of the audit committee including performance based reviews	All	4	New KPI	6	6	n/a	n/a
Functional Internal Audit unit	Approved Risk based audit plan by end June	All	0	New KPI	1	1	n/a	n/a
Improved good governance	% Implementation of anti-corruption policy	All	100%	New KPI	100%	100%	n/a	n/a
Institutional Performance management system in place	Individual performance management system implemented up to the lowest level	All	50%	New KPI	75%	85%	n/a	n/a
Institutional Performance management system in place	No of performance agreements signed	All	75%	New KPI	100%	75%	All PA signed.	n/a
Internal Audit legislative requirements	Comply with all legislative requirements applicable to internal audit	All	New	New KPI	100%	100%	n/a	n/a
Municipality complying with all relevant legislation	% compliance with legislation	All	75%	New KPI	95%	70%	Partially complied.	Control deficiencies are being analysed and resolved.
Reaching of employment equity targets	% of targets reached	All	60%	New KPI	75%	90%	n/a	n/a
Strengthen role of communities	No of ward based development plans completed	All	0	New KPI	5	0	n/a	n/a
Creation of effective capacity	% Vacancy level as % of approved organogram	All	20%	New KPI	72%	219%	n/a	Review of current Macro and Micro structure and staffing policy.
Annual performance reporting	Annual report and oversight report of council submitted before legislative deadline	All	50%	New KPI	100%	0%	Submitted after legislative dates.	Secondment of senior official to oversee process.
Effective communication with communities	Review of communication strategy/policy	All	100%	New KPI	100%	0%	Not done	Inserted as KPI in Performance agreement of communication official.
Effective functioning	No of ward	All	New	New KPI	48	0	Partially	Ward committee plan

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Performance for 2010/11		Performance comment	Corrective action
					Target	Actual		
of ward committees	committee meetings per ward per annum							adopted.
IDP and sectoral plans aligned with Spatial development plan	% alignment	All	New	New KPI	100%	0%	Partially in line	Will be revisited with the assistance of Provincial dept. and consultants.
IDP endorsed by community organisations and stakeholders as local social compacts	% of community organisations and stakeholders endorsing IDP	All	New	New KPI	100%	0%	None	Busy with establishment of IDP representative forum.
IDP to include all required sectoral plans	No of required sectoral plans included	All	New	New KPI	5	0	Not all	Will be included in new 2012 – 2017 IDP.

Table 76: Top Layer SDBIP – Good Governance and Public Participation

Note: There was no top layer SDBIP within the 2009/10 financial year therefore comparative performance results cannot be included and prior year performances are reflected as "New KPI"

4.2.2 TOP LAYER SDBIP - MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

The National Key Performance Area Municipal Transformation and Institutional Development are linked to the Municipal Key Performance Area namely Development of Institutional and Operational Capacity. The IDP Objective that is linked to Municipal Transformation and Institutional Development is: *"To transform and develop the systems, mechanisms and procedures of the Saldanha Bay Municipality to become a caring and developmental municipality able to deliver quality services."*

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Performance for 2010/11		Performance comment	Corrective action
					Target	Actual		
Targeted skills development	The percentage of budget spent on implementing its workplace skills plan	All	1%	New KPI	1%	1%	This actual was updated incorrectly on the SDBIP system and should read 0.59%	n/a
Effective and up to date By-laws	No of By-laws revised annually	All	1	New KPI	5	3	The legal section is in process of identify a supplier with municipal experience to update the bylaws	We are in process of identifying the bylaws which will be update during the first phase of the 2011/2012 financial book year
Effective and up to date HR policies	Revision of all HR policies annually by end June	All	60%	New KPI	80%	60%	Certain HR policies serve before council earlier during 2011 but was postponed until after the elections	To be submitted to council in new financial year
Effective labour relations	No of meetings of the LLF	All	4	New KPI	12	9	Agreement was reached between parties that no meetings will take place before the council elections which take place on 18 May 2011	n/a
Targeted skills development	% Implementation of skills development plan within the budget	All	80%	New KPI	100%	100%	n/a	n/a

Table 77: Top Layer SDBIP – Municipal Transformation and Institutional Development

Note: There was no top layer SDBIP within the 2009/10 financial year therefore comparative performance results cannot be included and prior year performances are reflected as "New KPI"

4.2.3 TOP LAYER SDBIP - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The National Key Performance Area Municipal Financial Viability and Management are linked to the Municipal Key Performance Area namely Development of Institutional and Operational Capacity. The IDP Objective that is linked to Municipal Financial Viability is: *"To ensure a compliant, sustainable and financial viable municipality with the ability to fulfil its statutory responsibilities"*

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Performance for 2010/11		Performance comment	Corrective action
					Target	Actual		
Asset management	Maintained asset register	All	New	New KPI	100%	100%	n/a	n/a
Clean audit	% of Root causes of issues raised by AG in AG report addressed	All	90%	New KPI	100%	170%	n/a	n/a
Effective SCM system	No of successful appeals	All	0	New KPI	0%	0%	n/a	n/a
Financial Viability	Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure	All	12	New KPI	12	12	n/a	n/a
Financial Viability	Debt coverage ((Total operating revenue- operating grants received)/debt service payments due within the year)	All	23	New KPI	20	20	n/a	n/a
Financial Viability	Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	All	22%	New KPI	20%	20%	n/a	n/a
Improved revenue collection	% Debt recovery rate	All	96%	New KPI	96%	96%	n/a	n/a
Improvement in conditional grant spending - capital	% of total conditional capital grants spent	All	New	New KPI	100%	100%	n/a	n/a
Improvement in conditional grant spending - operational	% of total conditional operational grants spent	All	New	New KPI	100%	100%	n/a	n/a

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Performance for 2010/11		Performance comment	Corrective action
					Target	Actual		
Preparation of financial statements	Financial statements submitted on time	All	100%	New KPI	100%	200%	n/a	n/a
Updated indigent register for the provision of free basic services	Updated indigent register	All	100%	New KPI	100%	100%	n/a	n/a

Table 78: Top Layer SDBIP – Municipal Financial Viability and Management

Note: There was no top layer SDBIP within the 2009/10 financial year therefore comparative performance results cannot be included and prior year performances are reflected as "New KPI"

4.2.4 TOP LAYER SDBIP - LOCAL ECONOMIC DEVELOPMENT

The National Key Performance Area Local Economic Development is linked to the Municipal Key Performance Area namely Social Welfare Development. The IDP Objective that is linked to Local Economic Development is: "To develop, promote and diversify the Saldanha Bay economy in co-operation with local, provincial, national and international partners"

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Performance for 2010/11		Performance comment	Corrective action
					Target	Actual		
Employment through job creation schemes	No of permanent jobs created	All	New	New KPI	21	84	79 New appointments made budgeted for in the staff establishment	n/a
Employment through job creation schemes	No of temporary jobs created	All	New	New KPI	50	2,685	Total of 1 372 jobs were created although the system shows different - 2 temporary posts at Workshop, 1 temporary post at civil admin, 1 temporary post at salaries, 2 student as project manager-streets, 22 with building section, 4 with sewerage, 108 with ward clean-up projects, 35 at Landfill sites, 12 clean-up of Zout River, Hopefield and 217 in Vredenburg, 62 in Saldanha and 10	n/a

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Performance for 2010/11		Performance comment	Corrective action
					Target	Actual		
							workers in St Helena Bay.	
Enhancement of economic development	Number of labour intensive projects	All	4	New KPI	4	73	Ward clean-up projects in 12 wards. Sewerage assistance, Taxi rank in Middelpos, and the building section. Construction of pavements. Projects to finish during June and some to finish in the upcoming financial year	n/a

Table 79: Top Layer SDBIP – Local Economic Development

Note: There was no top layer SDBIP within the 2009/10 financial year therefore comparative performance results cannot be included and prior year performances are reflected as "New KPI"

4.2.5 TOP LAYER SDBIP - BASIC SERVICE DELIVERY

The National Key Performance Area Basic Service Delivery is linked to the Municipal Key Performance Area namely Basic Service Delivery and Infrastructure Development. The IDP Objective that is linked to Basic Service Delivery is: *"To ensure the provision of an appropriate level of basic services and the required infrastructure to effectively manage community demands within the context of the integrated human settlements policy"*

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Overall Performance for the Year		Performance comment	Corrective action
					Target	Actual		
Percentage/ No of Households receiving free basic electricity	% Of Households receiving free basic electricity	All	100%	New KPI	100%	100%	n/a	n/a
Quantum of free basic electricity received	Kwh per month per household	All	50 Kwh	New KPI	50	50	n/a	n/a
Percentage of households receiving free basic refuse removal	% of Households receiving free basic refuse removal	All	100%	New KPI	100%	100%	n/a	n/a
Percentage of Households that meet agreed sanitation service standards (at least once a week) -Formal	% of Households that meet minimum standard sanitation	All	100%	New KPI	100%	100%	n/a	n/a

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Overall Performance for the Year		Performance comment	Corrective action
					Target	Actual		
areas								
Percentage of Households that meet agreed sanitation service standards (at least once a week) -informal areas	% of Households that meet minimum standard sanitation	All	100%	New KPI	100%	100%	n/a	n/a
Quantum of free basic refuse removal received	R value per month per household	All	86	New KPI	R 86	R 86	n/a	n/a
Percentage/ No of Households receiving free basic sanitation	% of Households with access to free basic sanitation	All	100%	New KPI	100%	100%	n/a	n/a
Quantum of free basic sanitation received	R value per month per household	All	R45.00	New KPI	R 45.00	R 33.75	n/a	Review of calculation model and input figures.
Percentage of Households receiving free basic water	% of Households	All	100%	New KPI	100%	100%	n/a	n/a
Quantum of free basic water received	Kl per month per household	All	6kl	New KPI	6	6	n/a	n/a
Maintenance of grave yards	% of maintenance budget of grave yards spent	All	95%	New KPI	95%	95%	n/a	n/a
Maintenance of grave yards	Development and implementation of maintenance plan for grave yards	All	0%	New KPI	100%	100%	n/a	n/a
Maintenance of recreational areas	% of maintenance budget of recreational areas spent	All	95%	New KPI	95%	95%	n/a	n/a
Maintenance of recreational areas	Development and implementation of maintenance plan for recreational areas	All	0%	New KPI	100%	100%	n/a	n/a
% of Households that meet agreed stds (all existing informal settlements to be formalised with land use plans for economic and social facilities and with the	% of Households that meet standards	All	100%	New KPI	100%	100%	n/a	n/a

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Overall Performance for the Year		Performance comment	Corrective action
					Target	Actual		
provision of permanent basic services)								
Implementation of Integrated Human Settlement Strategy	% implementation of the policy	All	100%	New KPI	100%	100%	n/a	n/a
Develop and implement a comprehensive law enforcement strategy	Development of a law enforcement strategy	All	0%	New KPI	100%	100%	n/a	n/a
Effective fire brigade service	% of Fire Brigade service that meets agreed standards	All	100%	New KPI	100%	25%	System was not updated on a monthly basis. The actual should be 100%	n/a
Reviewed Disaster Management Framework/ Plan	Disaster Management Plan reviewed by end June	All	100%	New KPI	100%	100%	n/a	n/a
Effective functioning of sport forums	No of centralised sport forum meetings per quarter	All	4	New KPI	4	4	n/a	n/a
Percentage of Households with no recreational areas	% of Households without recreational areas	All	New	New KPI			n/a	n/a
Provision of sport facilities	No of towns without sport facilities	All	New	New KPI			n/a	n/a
Maintenance of halls and facilities	% of maintenance budget of halls and facilities spent	All	95%	New KPI	95%	100%	Maintenance on municipal halls and facilities are performed on a continuous basis, as per planned and unplanned requirements. Expenditure occurs on a regular basis.	n/a
Maintenance of halls and facilities	Development and implementation of maintenance plan for halls and facilities	All	0%	New KPI	100%	45%	Awaiting comments to submit maintenance plan for approval after audits done	80% of plan has been drafted, submitted to Director for comments. Extensive audits of the various infrastructure needs to be completed to finalize plan.
% Of Households that meet agreed	% of Households achieving agreed	All	98%	New KPI	98.00%	72%	100% Of households are	n/a

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Overall Performance for the Year		Performance comment	Corrective action
					Target	Actual		
service standards (connected to the national grid) - Formal areas	service standards/ No of Households						connected in formal areas. System was not updated correctly	
% Of Households that meet agreed service standards (connected to the national grid) - Informal areas	% Of Households achieving agreed service standards/ No of Households	All	60%	New KPI	75%	75%	n/a	n/a
Effective capital spending	% spent of approved electricity capital projects	All	60%	New KPI	80%	95%	n/a	n/a
Improvement of electricity distribution capacity	% improvement	All	99%	New KPI	99.00%	91.25%	Average capacity used over last 12 months was 65%-13 MVA spare capacity. Upgrades done in Langebaan/Hopefield/Vredenburg increased Max demand with 19%	KPA not correctly updated, spare capacity 135%
Maintenance of electricity assets	% of approved maintenance plan executed	All	0%	New KPI	50%	60%	n/a	n/a
Maintenance of electricity assets	% of maintenance budget of electricity spent	All	80%	New KPI	90%	90%	n/a	n/a
New electricity connections	No of new electricity connections	All	100	New KPI	100	100	n/a	n/a
Percentage electricity losses	KW billed/ KW used by municipality	All	11%	New KPI	10%	10%	Monitor on a daily bases	n/a
Percentage/ No of Households with no street lights	% of Households without street lights	All	5%	New KPI	4.38%	13.75%	1000 new street lights provided/5%-4.19%=0,81%	n/a
Development and implementation of a public transport system	% implementation of the public transport system/ No of projects	All	0%	New KPI	100%	50%	Taxi ranks completed in Laingville and in progress in Middelpos. Not sufficient MIG funds to complete the taxi ranks in Hopefield and Paternoster. Council approved the budgeted amount for the	The outstanding taxi-ranks to be constructed in Paternoster and Hopefield was included in the roll-over projects and approved in the adjustments budget by Council on the 25 August 2011.Item R8/8-11

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Overall Performance for the Year		Performance comment	Corrective action
					Target	Actual		
							remaining taxi ranks to be utilized as a saving to award and proceed with the construction of Langebaan and Louwville storm water projects. Unable to adhere and executed this projects.	
Effective capital spending	% spent of approved municipal roads capital projects	All	70%	New KPI	95%	89%	Work- in- progress	n/a
Km of new road for previously un-serviced areas	No of kilometres	All	20 km	New KPI	6	2	Construction in progress. Ongegund, Wesbank, Hoekstraat, Steenberg's Cove, Oxford Singel and Albatros.	The target is more than planned and more than the capital budget allowed us to construct.
Maintenance of municipal roads	% of maintenance budget of municipal roads spent	All	95%	New KPI	95%	98%	n/a	n/a
Maintenance of municipal roads	Kms of roads patched and resealed according to approved maintenance plan	All	4,3 km	New KPI	4	2	Tender for reseal and rehabilitation project closes 21 April 2011.	Planned work is still in progress. Project was rolled over to 2011/12 financial year. Target not met due to late appointment of consultant which was liquidated.
Effective capital spending	% spent of approved waste management capital projects	All	95%	New KPI	95%	80%	Awaiting delivery of vehicles.	n/a
Improvement of refuse sites' capacity	% improvement	All	5%	New KPI	12.50%	11.25%	Covering of waste body on schedule. Awaiting delivery of Landfill Site Compactor	Problems were experienced in obtaining cover material for the waste body. We were reliant on Construction works within Saldanha Bay Municipality and this occurred quite late in the financial year. Some waste was diverted from the Landfill Sites by means of recycling

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Overall Performance for the Year		Performance comment	Corrective action
					Target	Actual		
								domes that were placed in all towns of SBM. These recyclables were taken to World Focus Recyclers.
Maintenance of refuse removal assets	% of approved maintenance plan executed	All	95%	New KPI	95%	89%	Continuous breakages of vehicles & machinery have meant excessive maintenance work. Received additional new Refuse Compactor. Awaiting delivery of other vehicles. All services completed.	n/a
Maintenance of refuse removal assets	% of maintenance budget of refuse removal spent	All	95%	New KPI	95%	95%	Continuous repairs on vehicles & machinery cause increased expenditure on maintenance budget.	n/a
% of Households with no storm water system - Formal areas	% of Households without stormwater	All	25%	New KPI	5%	0%	117 erven serviced from 162 in Steenberg's Cove, Wesbank, Oxford Crescent and Hopefield	KPA not correctly updated
% Of Households with no storm water system - Informal areas	% of Households without stormwater	All	75%	New KPI	10%	0%	Storm water system in George Kerrige-61erven serviced from 564	KPA not correctly updated
Effective capital spending	% spent of approved storm water capital projects	All	95%	New KPI	95%	59%	Construction still in progress. Roll-over projects.	Low % of the budget spent is due to the late appointment of the consultant and contractor of one of the storm water projects on the capital budget.
Effective capital spending	% spent of approved waste water management capital projects	All	95%	New KPI	95%	0%	Under spending due to delay with the purchase of land for the Paternoster WWTW	Purchase of land for the paternoster WWTW concluded and in process of transfer.
Improvement of sanitation system capacity	% of sanitation system comply with minimum standards - Eradication of	All	80%	New KPI	85%	100%	100% of the system complies with the required capacity standards as required. On-	n/a

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Overall Performance for the Year		Performance comment	Corrective action
					Target	Actual		
	existing septic tanks and communal toilet facilities in Informal areas						going day to day operations ensure that the sewer system operated well within capacity. No major/main line blockages occurred which could affect the capacity of the system.	
Maintenance of sanitation assets	% of approved maintenance plan executed and the WSDP and sewer master plan	All	100%	New KPI	100%	100%	All sanitation assets are maintained according to prescribed operation and maintenance standards. Lots of the sanitation budget is spent on the maintenance of pump stations. Lots of funding will be invested in the upgrades to the sanitation Infrastructure which will alleviate the burden on the maintenance Interventions required.	n/a
Maintenance of sanitation assets	% of maintenance budget of sanitation spent	All	95%	New KPI	95%	80%	All sanitation assets are maintained in accordance with prescribed maintenance interventions. A large percentage of the funding is for the purchase of electricity. Administration costs also have to be debited. Administration costs are R 2.1m	n/a
Maintenance of storm water assets	% of approved maintenance plan executed	All	2%	New KPI	95%	89%	n/a	n/a
Maintenance of storm water assets	% of maintenance budget of storm water spent	All	100%	New KPI	95%	98%	n/a	n/a

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Overall Performance for the Year		Performance comment	Corrective action
					Target	Actual		
Percentage of Households that meet agreed sanitation service standards (at least VIP on site) -Formal areas	% of Households without/ No of Households without minimum standard sanitation	All	100%	New KPI	100%	100%	All households in the Saldanha Bay Municipal area meet the required sanitation standards. Any problems with residential sanitation are attended to within 24 hours. New connections are installed within 7 days of application.	n/a
Percentage/ No of Households that meet agreed sanitation service standards (at least VIP on site) -Informal areas	% of Households that meet minimum standard sanitation (flush toilets)	All	100%	New KPI	100%	100%	All households in the Saldanha Bay Municipal area meet the required sanitation standards.	n/a
Quality of waste water discharge	% water quality level of waste water discharge (6 WWTW and 1 pond)	All	71%	New KPI	90.00%	69.50%	Upgrades completed at Langebaan WWTW-additional aeration and Laingville-chlorination.	Appointed consultants to review all WWTW's permits, plant process control staff currently on training course to improve efficiency.
Effective capital spending	% spent of approved water capital projects	All	95%	New KPI	95%	40%	45 % of the budget has been spent mainly due to master planning not finalized and the liquidation of the appointed consultants	Consultant was re-appointed and master planning finalized. Work-in-progress continuing.
Excellent water quality	% water quality level as per blue drop project	All	95%	New KPI	96%	88%	Under performed due to administrative requirements not met as evaluated in the assessment.	Consultants appointed to assist with compliance as required by DWA.
Maintenance of water assets	% of approved maintenance plan, WSDP and water master plan executed	All	100%	New KPI	100%	75%	Maintenance is carried out on a daily basis in accordance with the approved maintenance schedules. Standby teams are available after hours to attend to service interruptions.	n/a

KPI Name	Unit of Measurement	Wards	Baseline	Actual 09/10	Overall Performance for the Year		Performance comment	Corrective action
					Target	Actual		
Maintenance of water assets	% of maintenance budget of water spent	All	95%	New KPI	95%	85%	92% of the maintenance budget was spent.	n/a
New water connections	No of new water connections according to the applications	All	100%	New KPI	100%	100%	129 water connections made- 100% of applications received	n/a
Percentage of Households that meet agreed service standards (cleaned piped water 200m from household) - Informal areas	% of Households achieving agreed service standards/ No of Households including farms	All	99%	New KPI	99%	100%	All household within the Saldanha Bay Municipal area receive the basic level of service in terms of water provision	n/a
Percentage of Households that meet agreed service standards (cleaned piped water 200m from household) - Formal areas	% of Households achieving agreed service standards	All	100%	New KPI	100%	100%	All household within the Saldanha Bay Municipal area receive the basic level of service in terms of water provision	n/a
Percentage water losses	KL billed/ KL used by municipality	All	14%	New KPI	12.00%	7.98%	Water losses decreased from 13.03% in previous financial year.	n/a
Spatial development plan aligned with PSDP and PGDS	Develop and approve the SDP by end of June	All	70%	New KPI	100%	0%	Plan was approved by Council in Feb 2011. Submitted to Province for approval.	n/a
Development of the Spatial Development Framework	Develop and submit to Council by end January	All	0%	New KPI	100%	0%	Plan was approved by Council in Feb 2011. Submitted to Province for approval.	n/a

Table 80: Top Layer SDBIP – Basic Service Delivery

Note: There was no top layer SDBIP within the 2009/10 financial year therefore comparative performance results cannot be included and prior year performances are reflected as "New KPI"

4.3 DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2011/12

4.3.1 ACHIEVING AND PROMOTING GOOD GOVERNANCE, TRANSPARENCY AND COMMUNITY PARTICIPATION

KPI	Unit of Measurement	Wards	Annual Target
Effective functioning of Youth Forums	No of meetings per forum per annum	All	4
Effective functioning of council measured in terms of the number of council meetings per annum	No of council meetings per annum	All	4
Effective functioning of the committee system measured by the number of committee meetings per committee per quarter	No of sec 79 committee meetings per committee per annum	All	4
IDP reviewed and approved annually by the end of May	IDP approved by the end of May 2012	All	100%
Integrated development planning measured by the alignment of the municipal spending with IDP	The percentage of a municipality's capital budget spent on capital projects identified in the IDP	All	100%
Effective communication with communities	Reviewed Communication Strategy by March 2012	All	100%
To determine citizen satisfaction	Citizen satisfaction survey conducted by March 2012	All	100%
Strengthen the role of communities by facilitating ward based development plans	No of ward based development plans completed	All	13
The municipality listens and talks back to its people by ensuring that the IDP is endorsed by all wards	No of ward committees endorsing the IDP	All	13
Effective functioning of ward committees to ensure consistent and regular communication with residents	No of ward committee meetings per ward per annum	All	6

Table 81: Priorities for 2011/12: Good Governance and Public Participation

4.3.2 TO DEVELOP, PROMOTE AND DIVERSIFY THE SALDANHA BAY ECONOMY IN COOPERATION WITH LOCAL PROVINCIAL, NATIONAL AND INTERNATIONAL PARTNERS

KPI	Unit of Measurement	Wards	Annual Target
The number of jobs created through EPWP initiatives	Number of jobs opportunities created through EPWP initiatives	All	2 000
Implementation of community development programmes to support disabled persons (carwash, woodwork and beading)	No of initiatives supported	All	3
Value of contracts assigned to SMME's to enhance economic development	Value of contracts assigned	All	400 000
Development of a Tourism Strategy to improve local economic development	Approved Strategy by June 2012	All	100%
Local Economic Development is driven by a strategy	LED strategy reviewed by June 2012	All	100%
Implemented of the approved LED strategy	Implementation of phase 1 of the strategy by June 2012	All	100%
The number of jobs created through initiatives for capital projects	Number of jobs opportunities created through labour intensive projects	All	160

Table 82: Priorities for 2011/12: Local Economic Development

4.3.3 TO ENSURE A COMPLIANT, SUSTAINABLE AND FINANCIAL VIABLE MUNICIPALITY WITH THE ABILITY TO FULFIL ITS STATUTORY RESPONSIBILITIES

KPI	Unit of Measurement	Wards	Annual Target
Targeted skills development measured by the implementation of the workplace skills plan	% of the budget spent on implementation of the WSP	All	0.5%
Effective and up to date By-laws	No of By-laws revised annually	All	3
Revise identified HR policies to ensure compliant and up to date HR policies	No of policies revised	All	10
Implementation of skills development plan with targeted skills development	No of personnel trained	All	200
The adjustment budget is approved by Council by the legislative deadline	Approval of Adjustments Budget before the end of February 2012	All	100%
The Top Layer SDBIP is approved by the Mayor within 28 days after the Main Budget has been approved	Top Layer SDBIP approved within 28 days after the Main Budget has been approved	All	100%
The main budget is approved by Council by the legislative deadline	Approval of Main Budget before the end of May 2012	All	100%
Financial viability measured in terms of the available cash to cover fixed operating	Cost coverage ((Available cash+ investments)/ Monthly fixed operating	All	22

KPI	Unit of Measurement	Wards	Annual Target
expenditure	expenditure		
Financial viability measured in terms of the municipality's ability to meet its service debt obligations	Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)	All	12
Financial viability measured in terms of the outstanding service debtors	Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	All	22
Updated indigent register for the provision of free basic services	Updated indigent register by June annually	All	100%
Compliance with GRAP 16, 17 & 102 to ensure effective asset management	0 findings in the audit report on non-compliance	All	0
Improved revenue collection	% Debt recovery rate	All	96%
No of Root causes of issues raised by AG in AG report of the previous financial year addressed to promote a clean audit	% of Root causes addressed	All	80%
Approved financial statements submitted by 31 August	Approved financial statements submitted	All	100%
Compliance with the SCM Act measured by the limitation of successful appeals against the municipality	0 successful appeals	All	0
Implementation of the Employment Equity Act	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	All	1
Annual report and oversight report of council submitted before the end of March	Report submitted to Council	All	100%
No of Section 57 performance agreements signed by the end of July	No of performance agreements signed	All	6
The municipality comply with all the relevant legislation	0 findings in the audit report on non-compliance with laws and regulations	All	0
Functional audit committee measured by the number of meetings per annum	No of meetings held	All	4
Risk based audit plan approved by June 2012	Plan approved June 2012	All	100%
IDP and sectoral plans aligned with Spatial development plan	% alignment	All	100%
Spatial development plan aligned with PSDF and PGDS	% alignment	All	100%
The IDP is comprehensive and complies with the requirements of the Systems Act	No of required sectoral plans included in the IDP	All	8
Preparing of an integrated zoning scheme for the municipal area	Approved integrated zoning scheme by March 2012	All	100%
Spatial Development Framework submitted to	Obtaining of certification of SDF	All	100%

KPI	Unit of Measurement	Wards	Annual Target
PGWC			

Table 83: Priorities for 2011/12: Municipal Financial Viability and Management

4.3.4 TO ENSURE THE PROVISION OF AN APPROPRIATE LEVEL OF BASIC SERVICES AND THE REQUIRED INFRASTRUCTURE TO EFFECTIVELY MANAGE COMMUNITY DEMANDS WITHIN THE CONTEXT OF THE INTEGRATED HUMAN SETTLEMENTS POLICY

KPI	Unit of Measurement	Wards	Annual Target
Improvement of social conditions with the supporting of soup kitchens	No of soup kitchens supported	All	6
Graveyards is maintained measured by the % of the maintenance budget spent	% of budget spent	All	100%
Recreational areas is maintained measured by the % of the maintenance budget spent	% of budget spent	All	100%
Completion of Housing projects in Diazville and Middelpos	No of houses built	1; 4	1 010
Development of a strategy to be accredited as a level 2 municipality in terms of housing delivery	Completed strategy by February 2012	All	100%
Implementation of the Integrated Human Settlement Strategy measured by the no of projects complying with approved strategy	No of projects complying with approved strategy ito approved capital budget for 2011/12	All	3
Improved access to libraries	Completion of the new Central Library	All	100%
Disaster Management Plan reviewed annually	Plan reviewed by the end of June 2012	All	100%
Provision of sport facilities	No of wards without access to sport facilities	All	13
Effective functioning of sport forums	No of meetings per type of forum per annum	All	4
Municipal parks and recreational areas is provided to all HH measured by the no of HH with access to recreational areas	No of wards with access or to recreational areas	All	13
Improved access to sport facilities with the Langebaan rugby field and clubhouse	Completion of 2 projects by June 2012	6	100%
Provision of free basic electricity in terms of the equitable share requirements	No of HH receiving free basic electricity	All	6 900
Provision of free basic electricity in terms of the equitable share requirements	Quantum (Kwh pm) of free basic electricity per household	All	50
Provision of free basic refuse removal in terms of the equitable share requirements	No of HH receiving free basic refuse removal	All	7 000
Provision of free basic refuse removal in terms of the equitable share requirements	Quantum (R pm) of free basic refuse removal per month per household	All	R 94.12
Provision of free basic sanitation in terms of the equitable share requirements	No of HH receiving free basic sanitation	All	3000

KPI	Unit of Measurement	Wards	Annual Target
Provision of free basic sanitation in terms of the equitable share requirements	Quantum (R pm) of free basic sanitation provided per HH	All	R 48.51
Provision of free basic water in terms of the equitable share requirements	No of HH receiving free basic water	All	6 948
Quantum of free basic water per household in terms of the equitable share requirements	Quantum (kill) of free basic water provided per household	All	6
Improvement in capital conditional grant spending measured by the % spent	% of the grants spent	All	100%
Provision of electricity that are connected to the national grid to all formal areas	No of formal areas that meet agreed service standards	All	22 066
Provision of electricity that are connected to the national grid to all informal areas	Percentage of informal areas that meet agreed service standards	All	95%
Provision of refuse removal, refuse dumps and solid waste disposal to all formal areas	No of formal HH for which refuse is removed at least once a week	All	2 3396
Provision of refuse removal, refuse dumps and solid waste disposal to all informal areas	Percentage of informal HH for which refuse is removed at least once a week	All	95%
Provision of sanitation systems limited to domestic waste water and sewerage disposal to formal HH	No of formal HH that have at least VIP on site	All	28 512
Provision of sanitation systems limited to domestic waste water and sewerage disposal to informal HH	Percentage of informal HH that have at least VIP on site	All	95%
Provision of cleaned piped water to all formal HH within 200m from the household	No of formal HH that meet agreed service standards for piped water	All	23 242
Provision of cleaned piped water to all informal HH within 200m from the household	Percentage of informal HH that meet agreed service standards for piped water	All	95%
Halls and facilities is maintained measured by the % of the maintenance budget spent	% of maintenance budget spent	All	100%
Provisioning of street lightning	No of projects ito approved capital budget for 2011/12	All	15
Development of an electricity maintenance and asset management plan	Plan completed by April 2012	All	100%
Effective management of electricity provisioning systems	% of electricity unaccounted for	All	15%
Improvement of electricity distribution capacity in Vredenburg, Langebaan and Hopefield	No of projects with various phases ito approved capital budget for 2011/12	6; 7; 10	11
Electricity assets are maintained in terms of the maintenance budget spent	% of maintenance budget spent	All	100%
Construction and rehabilitation of municipal roads (Mississippi, Main road Saldanha & Victoria Street)	No of projects with various phases ito approved capital budget for 2011/12	All	3
Municipal roads assets are maintained in	% of maintenance budget spent	All	100%

KPI	Unit of Measurement	Wards	Annual Target
terms of the maintenance budget spent			
Municipal roads is maintained measured by the square meters of roads patched and resealed	No of square meters of roads patched and resealed	All	620
Refuse removal assets are maintained in terms of the maintenance budget spent	% of maintenance budget spent	All	100%
Development of an Integrated Waste Management Plan	Completion of drat plan by June 2012	All	100%
Improvement of sewerage distribution systems in Saldanha, Langebaan, Vredenburg and St Helena Bay	No of projects with various phases ito approved capital budget for 2011/12	5; 6; 8; 10; 11	5
Improvement of sewerage purification systems in Britania Bay, Paternoster, Langebaan, Saldanha and Laingville	No of projects with various phases ito approved capital budget for 2011/12	5; 6; 8; 10; 11	6
Provision of storm water management systems in built up areas to all formal HH	% of HH with	All	73%
Provision of storm water management systems in built up areas to all informal HH	% of HH with	All	0%
Sanitation assets are maintained in terms of the maintenance budget spent	% of maintenance budget spent	All	100%
Stormwater assets are maintained in terms of the maintenance budget spent	% of maintenance budget spent	All	100%
Upgrading of storm water systems in Louville, White City, Langebaan and St Helena Bay	No of projects with various phases ito approved capital budget for 2011/12	1; 3; 6; 8; 11	6
Quality of waste water discharge measured by the % water quality level	% water quality level of waste water discharge	All	60%
Effective management of water provisioning systems to limit unaccounted water	% of water unaccounted for	All	10%
Revision of Water Master Plan to maintain water assets	Plan revised by June 2012	All	100%
Upgrading of water systems in Saldanha and St Helena Bay	No of projects with various phases ito approved capital budget for 2011/12	5; 11	5
Water assets are maintained in terms of the maintenance budget spent	% of maintenance budget spent	All	100%
Excellent water quality measured by the quality of water as SANS 242 criteria	% water quality level	All	90%
Implementation of the Water Service Delivery Plan	No of water meters replaced	All	1 200

Table 84: Priorities for 2011/12: Basic Service Delivery

4.3.5 TO TRANSFORM AND DEVELOP THE SYSTEMS, MECHANISMS AND PROCEDURES OF THE SALDANHA BAY MUNICIPALITY TO BECOME A CARING AND DEVELOPMENTAL MUNICIPALITY ABLE TO DELIVER QUALITY SERVICES

KPI	Unit of Measurement	Wards	Annual Target
Institutional Performance management system in place and implemented	Level implemented up to level 6	All	6
Effective labour relations by facilitating regular LLF meetings per annum	No of meetings of the LLF per annum	All	6
Creation of an effective institution with sustainable capacity	% Vacancy level as % of approved organogram	All	8%
Improvement in operational conditional grant spending measured by the % spent	% of the grants spent	All	100%

Table 85: Priorities for 2011/12: Municipal Transformation and Institutional Development

4.4 BASIC SERVICE DELIVERY

4.4.1 BASIC SERVICES DELIVERY PERFORMANCE HIGHLIGHTS

Highlight	Description
Purchase of land for Paternoster Waste Water Treatment Works	Paternoster is currently served by a pond type waste water treatment system, which are over loaded. Upgrading of the existing infrastructure to an activated sludge type process has become a necessity.
Improved water loss figure to 9.95%	Improved overall technical and non-technical water losses from the previous year's 13% to 9.95%. Various interventions were introduced to decrease water losses, including annual replacement of Bulk and domestic water meters.
Update Water Services Development Plan and Water & Sanitation Master plans	In terms of the Department of Water Affairs requirements all Master plans were updated.
Successful spending of the 2010/2011 MIG allocation	Reaching the full expenditure of the R 10 678 000 MIG Allocations for various registered Infrastructure projects, which the following projects that were completed: <ul style="list-style-type: none"> ➤ Wesbank : Upgrading of streets, sidewalks and storm water – R 3,1 million ➤ Construction of roads : George Kerridge – R 4 million ➤ Hopefield : Booster pump station, sewer pump station and sewer rising main – R 4,7 million ➤ Langebaan RDP : Upgrading of storm water – R 1,4 million
The purchase of various vehicles and equipment within the Solid Waste division	The following vehicles and equipment were purchased to improve the delivery of services within the Solid Waste division:

Highlight	Description
	<ul style="list-style-type: none"> ➤ 20 ton Landfill Compactor ➤ 2 x 19m³ Refuse Compactors ➤ 2 x Skip Trucks ➤ 6 ton Grab Truck ➤ 1 ton Bakkie ➤ 8 ton Tipper

Table 86: Basic Services Delivery Highlights

4.4.2 BASIC SERVICES DELIVERY CHALLENGES

Service Area	Challenge	Actions to address
Water & Sanitation	Compliance of Water and Waste water quality to meet required standards.	Upgrades to various Waste water treatment works to meet effluent quality standards. Regular monitoring and effective dosing to ensure compliance of potable water.
Sanitation	Maintenance and operations of sewer pump station infrastructure.	Ageing pump station infrastructure needs to be upgraded – contracts are currently in place for the upgrading of certain pump stations in Langebaan and Saldanha.
Municipal Buildings	Insufficient funding for the maintenance of municipal buildings.	Compilation of a Maintenance plan which incorporates the actual state of all buildings including the funds required to standardise it.
Roads & Stormwater	Insufficient funding for the rehabilitation, maintenance, reseals and construction of road infrastructure as prioritised within the Pavement Management System.	Council to approve the required funding in accordance with the Pavement Management Plan.
Roads & Stormwater	As-build survey to be conducted of sidewalks within business and residential areas, as well as a needs analysis for future purposes.	Establishing an implementation policy with regard to the construction of sidewalks within residential areas.
Solid Waste	Compliance to meet Permit conditions of the Landfill sites.	Regular monitoring of various sites and daily covering of waste.
Solid Waste	Reclaimers [Scavengers] on Landfill sites	Erection of Concrete Palisade fencing to improve access control and also establishing effective patrol measures.

Table 87: Basic Services Delivery Challenges

4.4.3 ACCESS TO FREE BASIC SERVICES

The following table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than **R 3 500** per month will receive the free basic services as prescribed by national policy with a second category earning more than **R 3 500** but less than **R 4 500** received a 50% subsidy of the first category.

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No Access	%	No Access	%	No Access	%	No Access	%
2008/09	21 187	4 530	21.4	4 619	20.8	4 619	20.8	4 619	20.8
2009/10	21 596	5 775	26.7	5 878	27.2	5 878	27.2	5 878	27.2
2010/11	21 735	5837	26.9	6 293	28.9	6 293	28.9	6 293	28.9

Table 88: Free basic services to indigent households

The access to free basic services is summarised into the different services as specified in the following table:

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No of HH	Unit per HH (kwh)	Value	No of HH	Unit per HH (kwh)	Value	No of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2008/09	4 530	50/25	1 096	0	0	0	748	50/25	217
2009/10	5 775	50/25	3 198	0	0	0	791	50/25	301
2010/11	5 807	50/25	3 677	0	0	0	740	50/25	292

Table 89: Free basic Electricity services to indigent households

Water						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Unit per HH (kl)	Value	No of HH [Total consumers]	Unit per HH (kl)	Value
			R'000			R'000
2008/09	4 619	6	2 890	22 131	0	0
2009/10	5 878	6	4 210	22 209	0	0
2010/11	6 293	6	2 396	23 736	0	0

Table 90: Free basic Water services to indigent households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No of HH	R value per HH	Value	No of HH [Total consumers]	Unit per HH per month	Value
			R'000			R'000
2008/09	4 619	36.52	2 024	22 131	0	0
2009/10	5 878	41.99	2 962	22 209	0	0
2010/11	6 293	44.51	3 361	23 736	0	0

Table 91: Free basic Sanitation services to indigent households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Service per HH per week	Value	No of HH [Total consumers]	Unit per HH per month	Value
			R'000			R'000
2008/09	4 619	1	3 708	22 131	0	0
2009/10	5 878	1	5 372	22 209	0	0
2010/11	6 293	1	6 296	23 736	0	0

Table 92: Free basic Refuse Removal services to indigent households per type of service

4.4.4 ACCESS TO BASIC LEVEL OF SERVICES

The following table indicates the number of households that gained access for the first time to the different types of basic services during the 2010/11 financial year:

Type of service	2007/08	2008/09	2009/10	2010/11
Housing	641	624	646	624
Water	396	216	151	624
Sanitation	20	16	13	624
Refuse removal	1 023	813	1 090	624
Electricity	646	150	211	829
Streets & Storm Water	396	216	151	178

Table 93: Access to basic level of services

A) CAPITAL BUDGET SPENT ON MUNICIPAL SERVICES

The percentage (%) of the total approved capital budget spent on each municipal service respectively for the 2008/09, 2009/10 and 2010/11 financial years respectively are as follows:

Financial Year	Housing	Water	Sanitation	Refuse Removal	Electricity	Streets & Storm Water	Community facilities
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
2008/09	79.8	55.1	68.7	86.3	73.7	70.2	47.9
2009/10	10.6	65.7	48.9	1 248.2	47.3	40.4	45.6
2010/11	51.1	45.1	59.3	100.0	63.5	63.2	57.8

Table 94: Capex

The following table indicates the total amount of capital expenditure on assets by asset class for the past three financial years:

Description	2008/09	2009/10	2010/11		
	Actual	Actual	Original Budget	Adjustment Budget	Actual
	R'000	R'000	R'000	R'000	R'000
Infrastructure	42 997	7 569	23 362	20 661	10 650
Roads, Pavements, Bridges & Storm Water	13 407	4 121	3 520	3 387	3 145
Electricity Reticulation	10 822	776	5 173	4 473	841
Street Lighting	629	0	240	228	222
Water Reservoirs & Reticulation	12 651	1 734	3 720	3 678	1 200
Sewerage Purification & Reticulation	4 556	10	9 765	3 925	1 437
Security Measures	932	928	434	431	264
Other Infrastructure	0	0	510	4 539	3 541
Community	5 440	1 351	3 360	4 670	4 154
Establishment of Parks & Gardens	147	438	60	1 295	926
Sports fields & stadia	540	173	0	0	0
Community halls	1 368	0	0	0	0
Libraries	93	0	0	0	0
Recreational facilities	592	43	2 500	2 575	3 076
Other	2 700	697	800	800	152
Heritage assets	0	0	0	0	0
Investment properties	0	0	0	0	0
Other assets	31 688	6 582	31 679	31 218	20 004
Parks & Gardens	0	0	0	182	100
General vehicles	2 416	1 747	8 845	20 399	8 002
Plant & equipment	3 857	1 384	2 051	2 831	3 404
Computers - hardware/equipment	1 126	703	0	0	0
Furniture and other office equipment	574	1 505	3 141	3 410	2 771
Buses	0	0	350	284	277
Refuse	0	0	200	200	2 321
Other	23 715	1 243	17 092	3 912	3 129
Buildings	816	6 747	32 812	13 000	4 743
Civic Land and Buildings	757	6 747	0	0	0

Description	2008/09	2009/10	2010/11		
	Actual	Actual	Original Budget	Adjustment Budget	Actual
	R'000	R'000	R'000	R'000	R'000
Airports	0	0	2 650	1 386	0
Other	59	0	27 435	4 339	2 095
Community Halls	0	0	500	3 920	403
Recreational Facilities	0	0	0	70	24
Museums & Art Galleries	0	0	0	113	114
Security Measures	0	0	1 875	2 112	2 107
Other land & buildings	0	0	352	1 060	0
Land	0	25 774	0	7 550	6 500
Agricultural assets	0	0	0	0	0
Biological assets	0	0	0	0	0
Leased Assets	0	0	0	0	1 626
Investment Property	0	0	0	0	2 210
Intangibles	0	348	823	3 513	563
Capital under construction	0	40 336	46 050	102 653	63 466
Total Capital Expenditure on new assets	80 941	88 707	138 086	183 265	113 916

Table 95: Total capital expenditure on assets

B) PERCENTAGE SPENDING ON TOTAL CAPITAL BUDGET

The total percentage (%) of the capital budget for the past three years is indicated in the table below:

Financial year	% of Capital budget spent	Reasons for under spending
2008/09	65	Due to the SCM process complications
2009/10	55	Major projects were put on hold due to Investigation on suspected tender irregularities
2010/11	62	Mainly due to Housing, Waste Management and Road Transport projects.

Table 96: Total capital expenditure

C) SUMMARY OF BACKLOGS THAT MUST STILL BE ADDRESSED

The following backlogs exist in the municipal area that must still be addressed:

Area	Total nr of households affected	Timeframe to be addressed	Cost to address
			R'000
Housing	6 730	2014	55 000
Water (on site)	0	0	0
Sanitation	0	0	0
Refuse removal (at least once a week at site)	0	0	0
Electricity (in house)	122	2014	900
Streets and storm water	548	2015	5 480

Table 97: Backlogs

4.4.5 WATER AND SANITATION

Water is probably the most fundamental and indispensable of natural resources – fundamental to life, the environment, food production, hygiene and power generation. Poverty reduction and improved water management are inextricably linked. Section 4B of the Constitution lists water and sanitation services limited to potable water supply systems and domestic wastewater and sewerage disposal systems as a local government function. Basic water is defined as 25 liters of potable water per day supplied within 200 meters of a household.

A) WATER SERVICE DELIVERY LEVELS

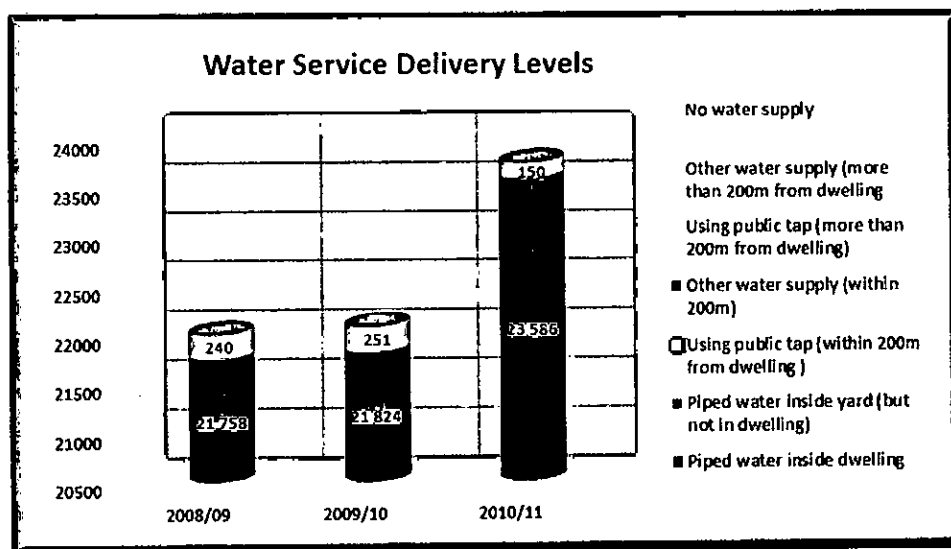
Water losses improved from **13%** in the 2009/10 financial year to **9.95%** in the 2010/11 financial year. This shows an improvement of **3.05%** on water losses.

Below are a table that specifies the different water service delivery levels per households for the financial years 2008/09, 2009/10 and 2010/11:

Description	2008/09	2009/10	2010/11
	Actual	Actual	Actual
Household (Consumers)			
<u>Water:</u> (above minimum level)			
Piped water inside dwelling	21 758	21 824	23 586
Piped water inside yard (but not in dwelling)	n/a	n/a	n/a
Using public tap (within 200m from dwelling)	240	251	150
<i>Minimum Service Level and Above sub-total</i>	21 998	22 075	23 736
<i>Minimum Service Level and Above Percentage</i>	100	100	100
<u>Water:</u> (below minimum level)			
Using public tap (more than 200m from dwelling)	0	0	0
Other water supply (more than 200m from dwelling)	0	0	0
No water supply	0	0	0
<i>Below Minimum Service Level sub-total</i>	0	0	0
<i>Below Minimum Service Level Percentage</i>	0	0	0
Total number of households (formal and informal)	21 998	22 075	23 736

Table 98: Water service delivery levels

The graph below shows the different water service delivery levels per total households and the progress per year



Graph 7: Water service delivery levels

B) SANITATION SERVICE DELIVERY LEVELS

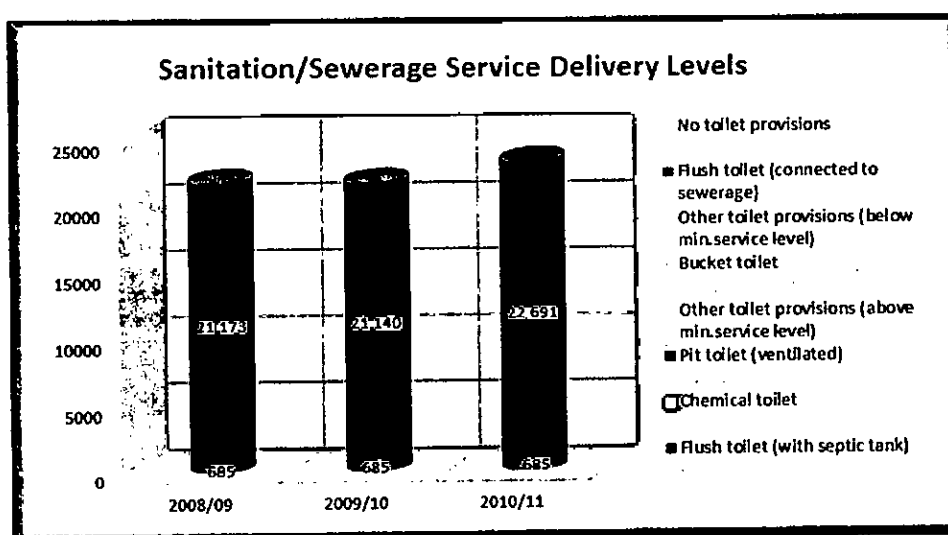
Below are a table that specifies the different sanitation service delivery levels per households for the financial years 2008/09, 2009/10 and 2010/11:

Description	2008/09	2009/10	2010/11
	Actual	Actual	Actual
Household (Consumers)			
Sanitation/sewerage: (above minimum level)			
Flush toilet (connected to sewerage)	21 173	21 140	22 691
Flush toilet (with septic tank)	685	685	685
Chemical toilet	0	0	0
Pit toilet (ventilated)	0	0	0
Other toilet provisions (above minimum service level)	0	0	0
Minimum Service Level and Above sub-total	21 758	21 825	23 376
Minimum Service Level and Above Percentage	100	100	100
Sanitation/sewerage: (below minimum level)			
Bucket toilet	0	0	0
Other toilet provisions (below minimum service level)	0	0	0

Description	2008/09	2009/10	2010/11
	Actual	Actual	Actual
No toilet provisions	0	0	0
<i>Below Minimum Service Level sub-total</i>	0	0	0
<i>Below Minimum Service Level Percentage</i>	0	0	0
Total number of households	21 758	21 825	23 376

Table 99: Sanitation service delivery levels

The graph below shows the different sanitation/sewerage service delivery levels per total households and the progress per year.



Graph 8: Sanitation/Sewerage Service Delivery Levels

4.4.6 ELECTRICITY

Local Government plays a very important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

Major towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
Vredenburg/Saldanha	40 MVA	2.63 MVA	37.18 MVA
Langebaan	8 MVA	0 MVA	7.682 MVA
Hopefield	1.2 MVA	0 MVA	2.147 MVA

Table 100: Electricity Notified Maximum Demand

Council applies for a higher NMD (Notified Maximum Demand) from Eskom for the suburbs of Hopefield, Langebaan and Vredenburg/Saldanha and was successfully completed. An amount of R7, 1 million has been spent on the budgeted for the up grading. There was no growth in electricity usage in Langebaan and Hopefield and may be seen as an indication of the local economy situation of the Saldanha Bay Municipality.

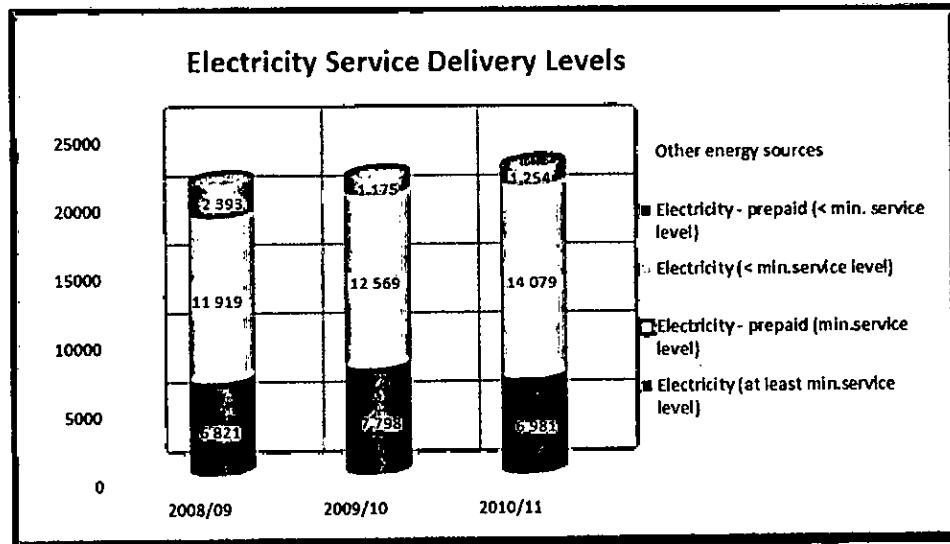
The Energy Losses for the 2009/10 financial year was **10.77%**. The losses in the 2010/2011 financial year increased to **11.60%**. This outcome was due to electricity theft, street lights that are not metered and technical losses due to transmission and distribution of electricity.

The table below indicates the different service delivery level standards for electricity within the municipality:

Description	2008/09	2009/10	2010/11
	Actual	Actual	Actual
Households			
<i>Electricity: (above minimum level)</i>			
Electricity (at least minimum service level)	6 821	7 798	6 981
Electricity - prepaid (minimum service level)	11 919	12 569	14 079
<i>Minimum Service Level and Above sub-total</i>	18 740	20 367	21 060
<i>Minimum Service Level and Above Percentage</i>	88.5	94.3	94.2
<i>Energy: (below minimum level)</i>			
Electricity (< minimum service level)	2 393	1 175	1 254
Electricity - prepaid (< min. service level)	0	0	0
Other energy sources	54	54	54
<i>Below Minimum Service Level sub-total</i>	2 447	1 229	1 308
<i>Below Minimum Service Level Percentage</i>	11.5	5.7	5.8
Total number of households	21 187	21 596	22 368

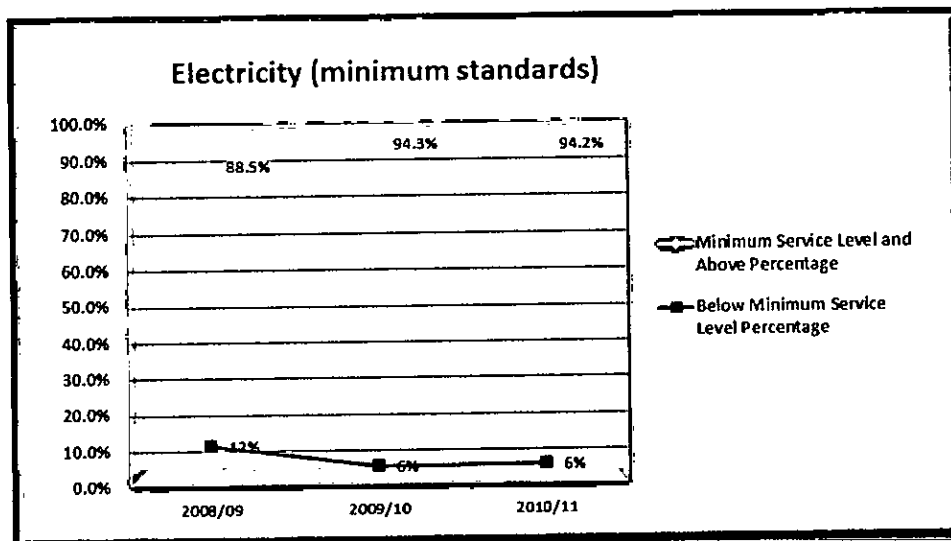
Table 101: Electricity service delivery levels

The graph shows the number of households categorised into the different service levels.



Graph 9: Electricity Service Delivery Levels

The graph below shows the amount of households that receive electricity above minimum electricity standards.



Graph 10: Electricity levels above minimum standards

4.4.7 HOUSING

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately **8 179** housing units on the waiting list.

Financial year	Nr of housing units on waiting list	% Housing waiting list increase
2008/09	4 300	n/a
2009/10	7 016	39
2010/11	8 179	16

Table 102: Housing waiting list

A total amount of **R25 453 000** was allocated to build houses and to purchase land during the financial year under review. A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2008/09	21 000	9 000	43	646	196
2009/10	25 000	25 000	100	488	488
2010/11	25 453	25 453	100	196	196

Table 103: Housing

4.4.8 REFUSE REMOVAL

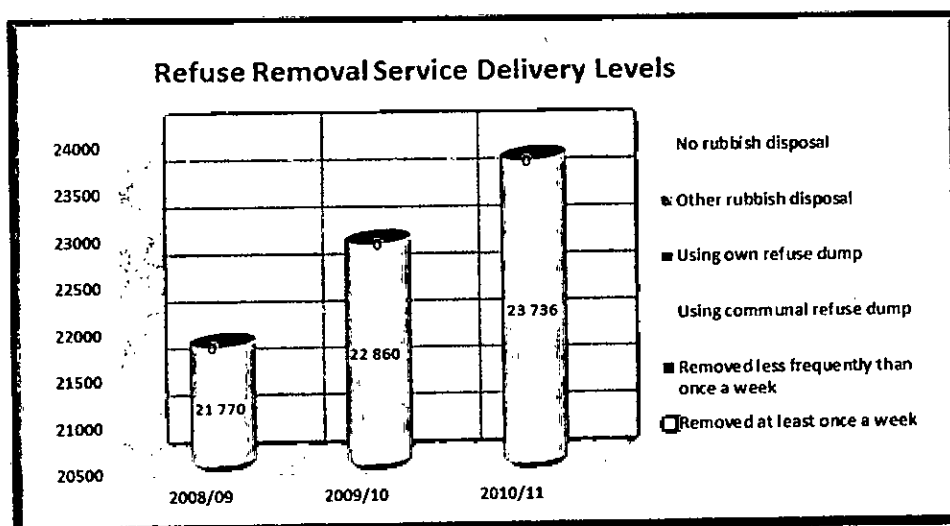
The table below indicates the different refuse removal service delivery level standards within the municipality:

Description	2008/09	2009/10	2010/11
	Actual	Actual	Actual
	R'000	R'000	R'000
Household (Consumers)			
<i>Refuse Removal: (Minimum level)</i>			
Removed at least once a week	21 770	22 860	23 736
<i>Minimum Service Level and Above sub-total</i>	21 770	22 860	23 736
<i>Minimum Service Level and Above percentage</i>	100	100	100
<i>Refuse Removal: (Below minimum level)</i>			
Removed less frequently than once a week	0	0	0
Using communal refuse dump	0	0	0

Description	2008/09	2009/10	2010/11
	Actual	Actual	Actual
	R'000	R'000	R'000
Using own refuse dump	0	0	0
Other rubbish disposal	0	0	0
No rubbish disposal	0	0	0
Below Minimum Service Level sub-total	0	0	0
Below Minimum Service Level percentage	0	0	0
Total number of households	21 770	22 860	23 736

Table 104: Refuse removal service delivery levels

The graph indicates the different refuse removal standards which the households are receiving.



Graph 11: Refuse removal service delivery levels

4.4.9 ROADS

The following tables give an overview of the total kilometers of roads maintained and new roads tarred:

A) TARRED ROADS

Financial year	Total km tarred roads	Km of new tar & paved roads	Km existing tar roads re-tarred	Km of existing tar roads re-sheeted	Km tar roads maintained
2008/09	405.5	4.2	3.05	0	0
2009/10	409.7	0.391	3.03	0	0
2010/11	410.1	1.807	1.847	0	2.125

Table 105: Tarred roads**B) GRAVELED ROADS**

Financial year	Total km gravel roads	Km new gravel roads constructed	Km gravel roads upgraded to tar / block paving	Km gravel roads graded/maintained
2008/09	49.5	0	1.258	0
2009/10	48.242	0	0	0
2010/11	48.242	0	1.807	30.412

Table 106: Gravelled roads**C) COST OF CONSTRUCTION/MAINTENANCE**

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	Gravel			Tar		
	New	Gravel – Tar / Block paving	Maintained	New (Tar & Block paving)	Re-worked	Maintained
	R'000	R'000	R'000	R'000	R'000	R'000
2008/09	0	550	0	0	0	4 500
2009/10	0	7	0	0	0	5 000
2010/11	0	4 578	0	7 368	0	2 406

Table 107: Cost of construction/maintenance of roads**4.4.10 STORMWATER****A) STORM WATER INFRASTRUCTURE**

The table below shows the total kilometers of stormwater maintained and upgraded as well as the kilometers of new stormwater pipes installed:

Financial year	Total km Stormwater measures	Km new stormwater measures	Km stormwater measures upgraded	Km stormwater measures maintained
2008/09	185.9	0.04	0	50
2009/10	186.23	0.116	0.05	60
2010/11	186.23	0.15	0.861	105

Table 108: Stormwater infrastructure

B) COST OF CONSTRUCTION/MAINTENANCE

The table below indicates the amount of money spend on stormwater projects:

Financial year	Stormwater Measures		
	New	Upgraded	Maintained
	R'000	R'000	R'000
2008/09	45	1 508	247
2009/10	35	0	160
2010/11	1 107	3 297	146

Table 109::Cost of construction/maintenance of stormwater systems

4.5 MUNICIPAL INFRASTRUCTURE AND OTHER GRANTS

The Municipality had a total amount of **R 62,086 million** for infrastructure and other capital projects available that was received in the form of grants from the National and Provincial Governments during the 2010/11 financial year. The performance in the spending of these grants is summarised as follows:

Description	2007/08	2008/09	2009/10	2010/11
	Amount Received/ paid	Amount Received/ paid	Amount Received/ paid	Amount Received/ paid
	R'000	R'000	R'000	R'000
Grants received				
Primary Health (PAWK)	219	0	0	0
Equitable Share	14 513	19 946	21 343	26 840
Subsidy: Housing Fund	632	0	376	0
Government Grant - Capital Contributions	24 333	34 248	22 785	34 795
Contribution: Western Cape Clean-up Operations	14	7	-4	0
Government Grant (operating) 6	0	0	1 066	0
Clean-up of Stands	0	69	0	(1)
Skill Development Program SETA	225	363	513	336
Other Subsidies	0	20	20	0
Subsidies: Main Roads	44	44	81	87
Bursaries	0	37	19	29
TASK	85	0	0	0

Description	2007/08	2008/09	2009/10	2010/11
	Amount Received/ paid	Amount Received/ paid	Amount Received/ paid	Amount Received/ paid
	R'000	R'000	R'000	R'000
Total Grants Received	40 065	54 734	46 199	62 086
Grants paid				
Pauper Burials	10	12	13	19
Bursaries	189	239	273	293
Western Cape Clean-up Operation	696	1 000	138	0
Youth Development	150	105	1	0
LED Cultural Village	0	0	54	45
Masibambane Project	216	355	0	0
Levy: Skills Development	728	748	1 044	1 651
Boland Rugby Union	0	94	0	0
Task	58	5	0	0
Subsidy: Preferred Scheme Housing	633	24	352	(7)
Security: Laingville Housing Project	59	0	0	0
Equitable share	6 829	11 240	11 666	16 137
Equitable share: subsidising service charges	0	0	0	9 424
Management Support Programme	50	0	0	0
Contribution: Finance Management	299	155	621	1 000
CDW Programme (WCDM)	29	23	53	33
Consumer Education	135	20	200	124
Disaster	681	591	0	0
Library	0	17	1	12
International Relationship	0	0	19	0
MSIG	0	217	634	252
Western Cape Fanjol 2010	0	0	161	2
Capital projects	21 473	28 465	11 940	34 354
Total Grants paid	32 235	43 310	27 170	63 339

Table 110: Spending of grants

4.6 ADDITIONAL PERFORMANCE

The table below enclose all additional performance of the municipality:

Type of service	2008/09	2009/10	2010/11
General Law enforcement			
Animals impounded	0	99	47
Motor vehicle licenses processed	26 039	26 980	29 981
Learner driver licenses processed	1 929	2 049	2 671
R-value of fines collected	1 932 335	1 988 935	1 480 325
Operational call-outs	105	98	102
Roadblocks held	37	10	27
Complaints attended to by Traffic Officers	89	115	121
Special Functions – Escorts	47	55	34
Awareness initiatives on public safety	23	18	21
Fire Services			
Operational call-outs	119	135	89
Reservists and volunteers trained	12	45	57
Awareness initiatives on fire safety	7	11	5
Town Planning and Building Control			
Building plans application processed	1 063	1 004	1 145
Total surface (m ²)	128 882	133 631	126 772
Approximate value	R 1 232 729.58	R 1 087 417.58	R 612 279.2
New residential dwellings	360	211	292
Residential extensions	669	758	823
New Business buildings	26	23	22
Business extensions	8	12	8
Land use applications processed	166	165	155
Libraries			
Library members	32 662	34 887	35 227
Books circulated	546 746	573 770	561 527
Exhibitions held	117	135	145
Internet access points	0	0	6

Type of service	2008/09	2009/10	2010/11
Children programmes	51	76	163
Visits by school groups	9	9	18
Book group meetings for adults	28	28	18
Primary and Secondary Book Education sessions	9	9	18
Social Services			
Trees planted	No Records	5 Trees in Panorama School	0
Veggie gardens established	No Records	0	0
Soup kitchens established or supported	No Records	0	17 NGO'S and two schools
Initiatives to increase awareness on child abuse	No Records	One Workshop	Awareness on Youth Day
Youngsters educated and empowered	No Records	0	Skills Audit and EPWP
Initiatives to increase awareness on women	No Records	0	Information session in Parliament
Initiatives to increase awareness on HIV/AIDS	No Records	16 Days of activism	16 Days of Activism
Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes	No Records	Workshop	16 Days of Activism
Special events hosted (World's Aids Day, World Arbour day, World Disability Day, Youth Day, 16 Days of activism against women abuse)	No Records	16 Days of activism Elderly Breakfast	SOCCER WORLD CUP, Breakfast for Disabled and Women against abuse workshop
Local economic development initiatives			
Small businesses assisted	SMME development is done in partnership with WCBDC Start-ups=107 sessions Existing buss.=155 sessions	Start-ups= 53 sessions Existing businesses: 25 sessions New businesses registered: 8	Start-ups= 211sessions Existing businesses: 201 sessions
SMME's trained	(in collaboration with WCBDC) 233	171	113
Community members trained for tourism	(An outsourced function and is in collaboration with SBTO) 6	19	26
Local artisans and crafters assisted	Buss. Plan for funding submitted to province for Langebaan Arts & Craft center that will benefit the	Attempted to organize 40 crafters in one forum	Working towards the establishment of a cultural village including arts & craft for Saldanha

Type of service	2008/09	2009/10	2010/11
	disadvantaged community		community

Table 111: Additional Performance

4.7 LED

4.7.1 HIGHLIGHTS: LED

The following performance highlights with regard to the implementation of the LED strategy are:

Highlights	Description
Industrial Development Strategy	The Industrial Development Strategy has been drawn up and approved by Council
Development of a local LED unit	Creation of an enabling environment within which the necessary capacity development can be undertaken. A team comprises of expert consultants, relevant government departments and business entities have been established to spearhead the industrial economic potential.
Investor Interest in the Industrial Development Zone	Signage of Memorandum of Understandings and Memorandum of Agreements with different Investors.
Fostering of relationship between the Port of Saldanha and the Saldanha Bay Municipality	Representivity on the Port Consultative Forum and the establishment of an agreement between Saldanha Bay Municipality and the Port of Saldanha
Establishing of a Multi stakeholder Forum to determine Social Corporate Responsibility and Investment	Establishment of a forum with all surrounding Industries to regulate corporate social investment/responsibility

Table 112: LED Highlights

4.7.2 CHALLENGES: LED

The following challenges with regard to the implementation of the LED strategy are:

Description	Actions to address
The environment is increasingly under threat through the undermining of a valuable biodiversity resource, not only as a context for tourism, but also as cultural heritage and a provider of valuable eco-system services.	The ecological sensitivity must be taken into consideration when in pursuance of development and therefor a balance should be maintained at all cost. It is also proposed that a regulatory mechanism should be established for monitoring purposes in order to ensure the protection of the environment in the area.
An ill-prepared municipal institution with stretched and limited resources which is currently not in a position to address the challenges on its own, particularly around infrastructure.	Partnerships with relevant stakeholders such as state-owned enterprises and national departments which control assets that could be used for wider development should be drawn in.
Lack of incentives hampering the attraction of investment.	The encouragement of investment through the development of incentives which comply with provincial and national regulations.
The availability of labour and in particular specific skills.	A proper skills audit must be done to determine the skills shortage and quality of skills in the Saldanha Bay area as well as promoting skills development.

Description	Actions to address
Suitable land availability for development.	The current pre-feasibility study regarding the IDZ will be the determining factor in the pursuance of suitable land.
Lack of capacity to spearhead development potential and initiatives.	The establishment of a development agency.

Table 113: LED Challenges

4.7.3 STRATEGIC OBJECTIVES

Local Economic Development (LED) includes all activities associated with economic development initiatives. The municipality has a mandate to provide strategic guidance to the municipality's integrated development planning and economic development matters and working in partnership with the relevant stakeholders on strategic economic issues.

The LED strategy identifies various issues and strategic areas for intervention such as:

Objectives	Strategies
To unlock the industrial potential by stimulating sustainable Local Economic Development and employment opportunities within the municipal area.	An Industrial Development strategy to be drawn up in order to determine the correct approach including the identification of the relevant clusters.
To protect, maintain and expand our natural assets for environmental sustainability and tourism purposes.	Develop a tourism development strategy for the promotion of tourism activities and the attraction of tourists and investors.
Development of the municipality and its internal structure.	Institutional reform to create a strong, well-managed municipal institution with purpose built partnerships and necessary institutional arrangements to support specific initiatives, the challenges and potential of SBM.
Human Resource development due to skills shortages and the creation of LED capacity.	A Skills Audit must be conducted to determine the skills shortage and quality of skills in the Saldanha Bay area as well as promoting skills development. Development of a Local Economic Unit comprises of a team of expert consultants, relevant government departments and business entities to spearhead the industrial economic potential. The establishment of a Development Agency.
SMME development.	A dedicated person assigned with the responsibility to work in partnerships with other relevant entities for SMME development.
Development of Agricultural sector and activities	The establishment of an Aquaculture strategy which must be coordinated by the district in cooperation with the B-municipalities.

Table 114: LED Objectives and Strategies

4.7.4 ECONOMIC ACTIVITY

The table below identifies the economic activity within the different sectors:

Sector	2001	2009	2001-2009 annual average growth (%)
Agriculture, forestry and fishing	348	295	(2.2)
Mining and quarrying	23	10	(9.8)
Manufacturing	832	887	0.8
Electricity	14	19	4.4
Construction	113	234	9.5
Wholesale and retail trade	203	222	1.1
Transport	406	463	1.6
Finance, property, etc.	353	646	7.8
Community and social services	416	551	3.6
Total	2 708	3 327	-

Table 115: Economic activity by sector

4.7.5 LED INITIATIVES

With a limited budget for LED Projects and one official assist with LED implementation the following initiative has been initiated as set out in the table below identifies the detail of the various LED initiatives in the municipal area:

Project name	Ward	Man days worked	Period	No of jobs created	Project cost
Saldanha LED Units	3	65	August/September	8	R 180 000
Laingville LED Units	12	95	June/July/August	10	R 335 000
Ongegund LED Units	9	90	July/ August/September	10	R 217 000

Table 116: LED Initiatives

4.8 SERVICE PROVIDERS STRATEGIC PERFORMANCE

During the year under review the municipality did not have a formal system in place to measure the performance of all service providers. The review and amendment of the performance framework will include formal measures and the implementation of a system to implement the performance of service providers. Each manager, however, regularly monitored and ensured that service providers complied with the requirements of the appointed contract. Details regarding service providers appointed will be included in the municipality's Annual Report for 2010/11.

CHAPTER 5

Functional Performance



CHAPTER 5: FUNCTIONAL PERFORMANCE

This chapter provides information on the functional performance of the municipality on the implementation of the Top Layer and Departmental SDBIP for 2010/11.

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Category B Municipal functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Fire fighting services	Yes
Local tourism	Yes
Municipal airports	Yes
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Category B Municipal functions:	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	No
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes

Municipal Function	Municipal Function Yes / No
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	Yes
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	No
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 117: Functional Areas

5.1 PERFORMANCE HIGHLIGHTS PER FUNCTIONAL AREAS

Directorate/ Functional area	Sub Directorate	Highlights
Office of the Municipal Manager	Area manager: Langebaan/ Hopefield	Effective management of complaints/requests from residents through the Langebaan and Hopefield municipal offices which improved effective service delivery and customer relations.
		Development of a draft Area management model to improve decentralized service delivery.
		Job creation through EPWP clean-up projects.

Directorate/ Functional area	Sub Directorate	Highlights
	Area manager: St Helena Bay/Paternoster	<ul style="list-style-type: none"> ➤ Monitoring and evaluation of capital projects in area of interest. ➤ Monitor compliance to corporate standards in area of interest and support any remedial actions. ➤ Continuous cooperation with ward councillors with regards to ineffective/neglected service delivery. ➤ Facilitation of budget meetings in area of interest. ➤ Facilitation of IDP meetings in area of interest. ➤ Facilitation of ward committee meetings. ➤ Ensure the successful functioning of the Ward Committees system, b.m.o education and limited provision of resources. ➤ Assess issues raised at Ward Committees and advise where needed. ➤ Coordination with respective departments in terms of ongoing projects in area of interest. ➤ Coordination with public participation. ➤ Ensure the successful functioning of public participation processes. ➤ Attend special projects programmes, i.e. housing meetings with the community in area of interest. ➤ Attend to customer complaints. ➤ Improve Customer care and stakeholder management ➤ Day-to-day service delivery ➤ Intervene with departments with regards to lodged complaints by customers. ➤ Monitoring of EPWP projects in area of interest. ➤ Improve appearance of towns – planting of trees, maintain public open spaces, and weed control (advisory capacity). ➤ Interact with CBOs, NGOs and other departments of government. i.e. housing, SAPS etc.

Directorate/ Functional area	Sub Directorate	Highlights
	Area manager: Vredenburg	<ul style="list-style-type: none"> ➤ New reservoir was built to increase water storage capacity for Vredenburg. ➤ Wesbank village received an Infrastructure face –lift ➤ Oxford Single : New Street was built ➤ Open channel storm water system was replaced with Closed storm water pipes (Louwville) ➤ New houses were built in Ongegund (224) ➤ Louwville Sports grounds was upgraded ➤ Sidewalks were paved in Louwville ➤ New play parks were established in Witteklip and Louwville ➤ New Bee Hives center was built in Steve Tswete Village ➤ Solar Heating was implemented to RDP Houses ➤ Project to eradicate outside toilets was partially completed ➤ Speed Bumps were built in strategic residential areas ➤ Community Halls were built in Steve Tswete and Witteklip ➤ Plans to build a new Storm water retention dam in Louwville, were approved a budgeted for. ➤ Regular cleaning projects were launched through the EPWP system of Job Creation.
	Industrial Development Strategy	Announcement of the Completion of the Feasibility Study for the Establishment of the IDZ.
		Establishment of the Port Consultative Forum, Multi Stakeholder Forum.
Corporate Services	Administration	Upgrading of telephone system
		Comply with all access to information requirements
	Human Resources	The municipality achieved the IRCA 5 STAR Grading during the National Occupational Safety Assessment
Financial Services	Assets and Insurance	A fully GRAP compliant asset register is In operation since 1 July 2010.
		All assets, as indicated by the different departments, are insured and Council also
		Operate an internal insurance fund for the insurance of small assets.
	Budget office	A Budget Office is established according the approved organogram but not yet fully
		Staffed. A service provider had to be appointed to compile the Annual Financial Statements.
		Compiled and implemented the annual budget with newly calculated tariffs.

Directorate/ Functional area	Sub Directorate	Highlights
	Expenditure	All creditors were paid within 30 days.
		Monthly payment of employees is made on due dates.
	Finance: Information Technology	Financial accounts updated on an on-going basis (Income and Expenditure)
		Supply financial management information as and when required.
		Sufficient maintenance of the SAMRAS system
	Income	Monthly municipal accounts were rendered on due dates.
		An in-house debt collecting system is in place for credit control purposes.
		A debt collecting rate of 97% is achieved.
	Supply Chain Management	Management of the SCM procedures and processes
		Revised the SCM policy
		Implement controls in appointing service providers
Community Services	Community development	A successful mobilization and co-ordinating of Phelophepha train (health clinic) that was servicing the Saldanha Bay Municipal Area for two weeks
		Organize and facilitate a youth camp in Geelbek for 60 teenagers for 4 days
		Establishing youth committees in every Ward (13 Wards)
		Investigating the situation and bury bodies that has been dumped in the street or unemployed people who died with no family who can bury them.
	Disaster management	Review Disaster Risk Management Plan
		Service Level Agreement with District Council Moorreesburg
	Human Settlement	Build 196 houses in Ongegund. Got approval for rectification project Wesbank, Vredenburg. Pilot PHP project White City , Saldanha – 17of 98 houses completed. Start 2 nd PHP in Middelpoos, Saldanha- Phase 1 - 50of 551.
	Law enforcement	Decrease in complains regarding strayed dogs attacking sheep on farms
		Decrease in complains against Hawkers operating in prohibited areas
		Decrease in complains regarding illegal Dumping
	Traffic	Meet National Requirements for the National Rolling Enforcement Plan
		Complete AARTO Training and preparedness for Implementation
		Decrease in the number of Accidents at Mall Intersection
	Libraries	A very active chess club for children was established in the Louwville Library and the establishments of chess clubs in the other libraries are under way.
		The reading group in Langebaan had guests like Alan Boesak as speakers at their meetings
		Hopefield and Diazville Libraries received computers with free internet from the Provincial Library Services as part of the Rural Connectivity Project.
	Licensing	National Upgrading of E-Natis Systems

Directorate/ Functional area	Sub Directorate	Highlights
		Upgrading of Hopefield Office
		Establish Card facilities at pay points
Technical Services	Cleansing services: Refuse removal	<p>The purchase of various vehicles and equipment to improve the delivery of service within the Solid Waste division:</p> <ul style="list-style-type: none"> ➤ 20 ton Landfill Compactor ➤ 2 x 19m³ Refuse Compactors ➤ 2 x Skip Trucks ➤ 6 ton Grab Truck ➤ 1 ton Light delivery truck ➤ 8 ton Tipper
	Electricity: Distribution and maintenance	Electrification of 829 houses in Middelpas
		Erection of 6 high mast lights
		Completion of 6 streetlight projects
		Spending 86% of capital budget
	Municipal Buildings	The renovations and alterations of the old FNB building, Vredenburg to create office space for Council members.
	Roads and stormwater	<p>Successful spending of part of the 2010/2011 MIG allocations, which includes the completion of the following projects:</p> <ul style="list-style-type: none"> ➤ Wesbank : Upgrading of streets, sidewalks and storm water – R 3,1 million ➤ Construction of roads : George Kerridge – R 4 million ➤ Langebaan RDP : Upgrading of Storm water – R 1,4 million
	Support services	Reaching the full expenditure of the R 10 678 000 MIG allocations for various registered Infrastructure projects within Civil Services department.
	Water	Improved overall technical and non-technical water losses from the previous year's 13% to 9,95%. Various interventions were introduced to decrease water losses, including annual replacement of Bulk and domestic water meters.
		Update Water Services Development Plan and Water Master plans - In terms of the Department of Water Affairs requirements all Master plans were updated.
	Sanitation	Update Sanitation Master plans - In terms of the Department of Water Affairs requirements all Master plans were updated.
	Sewerage: Waste water treatment works	<p>Purchase of land for Paternoster Waste Water Treatment Works -Paternoster is currently served by a pond type waste water treatment system, which are over loaded.</p> <p>Upgrading of the existing infrastructure to an activated sludge type process has become a necessity.</p>

Directorate/ Functional area	Sub Directorate	Highlights
	Fleet management	<p>Vehicle and Implement tenders arising from previous years were successfully completed within the 2010/11 year, the following awards were made:</p> <ul style="list-style-type: none"> ➤ Tender 95/10 R 7.630m ➤ Tender 96/10 R 3.350m ➤ Tender 50/10 R 6.620m ➤ Tender 21-11 R 6.160m ➤ Total 23.760m <p>All tenders were successfully awarded as per recommendations of the Fleet manager, without any successful appeal cases.</p> <p>An effective administrative operation system was implemented to be in line with SCM requirements. Audit queries were minimized which is an indication that the system are functioning effectively with the minimum staff [Only 5 posts of the 13 post on the organ gram are filled]</p>
Planning and Strategic Services	Spatial planning and development: LED	Aquaculture strategy is developed through a process facilitated by the West Coast District in collaboration with B-municipalities. WCADI an implementation agency is appointed by province for the roll out of this particular project.
		Establishment of business infrastructure for trading purposes to SMME's in Saldanha, Ongegund (Vredenburg) and Laingville.
	Spatial planning and development: Town planning	Approval of Saldanha Bay Municipal Spatial Development Framework (SDF) in terms of Municipal Systems Act.
		Adoption of approved SDF into IDP

Table 118: Performance highlights per functional area

5.2 OVERVIEW OF PERFORMANCE

The performance statistics in the table below and all the graphs in the following sub paragraphs include performance in terms of the Departmental SDBIP, which measures operational performance, as well as, the performance in terms of the Top Layer SDBIP. The graph for each directorate is an overview of the overall results of all the KPI's measured in terms of the municipal SDBIP performance management system.

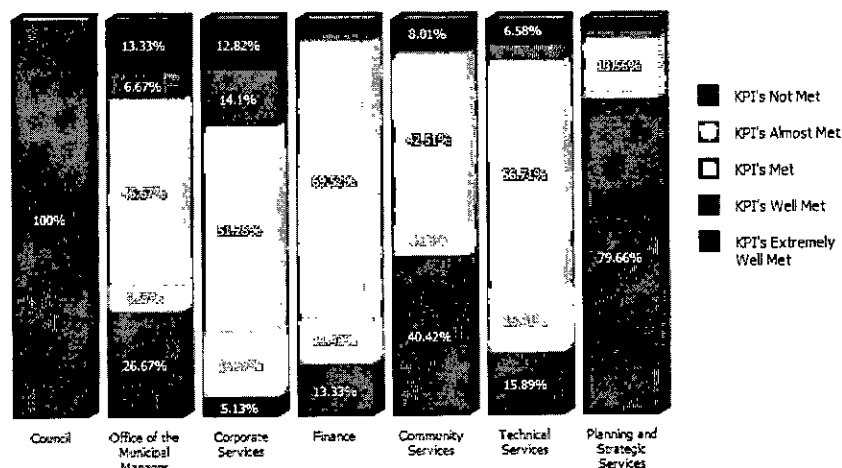
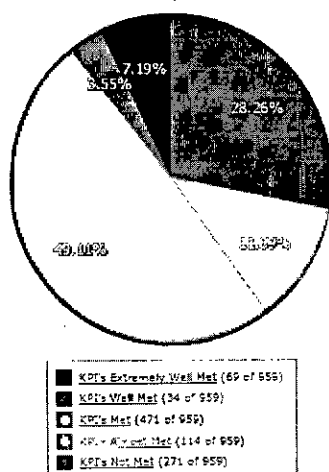
Directorates	Financial Year	Total KPIs	KPIs Extremely Well Met	KPIs Well Met	KPIs Met	KPIs almost Met	KPIs not Met
Municipal manager	2009/10	59	n/a	n/a	24	2	33
	2010/11	45	6	3	21	3	12
Financial Services	2009/10	99	n/a	n/a	73	3	23
	2010/11	105	4	2	73	12	14
Technical Services	2009/10	259	n/a	n/a	92	48	119
	2010/11	364	16	16	213	62	57
Planning and Strategic Services	2009/10	60	n/a	n/a	17	1	
	2010/11	59	2	1	8	1	47
Corporate Services	2009/10	56	n/a	n/a	39	4	13
	2010/11	78	10	11	40	13	4
Community Services	2009/10	210	n/a	n/a	128	3	79
	2010/11	287	23	2	122	24	116
Saldanha Bay Municipality	2009/10	743	n/a	n/a	373	61	309
	2010/11	959	69	34	471	114	271

Table 119: Summary of total performance

Note: The table above does not include KPI's not measured yet in the Top Layer and Departmental SDBIP

The following graph indicates the overall results of all the KPI's measured of the various directorates in terms of the municipal SDBIP performance management system

Saldanha Bay Municipality



Graph 12: Overall performance of directorates

5.3 PERFORMANCE PER FUNCTIONAL AREA (DEPARTMENTAL/OPERATIONAL SDBIP)

5.3.1 OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager consists of the following divisions:

- Municipal Manager
- Area Manager: Langebaan/Hopefield
- Area Manager: Saldanha
- Area Manager: St Helena Bay/Paternoster
- Area Manager: Vredenburg
- Internal audit
- Industrial Development Strategy

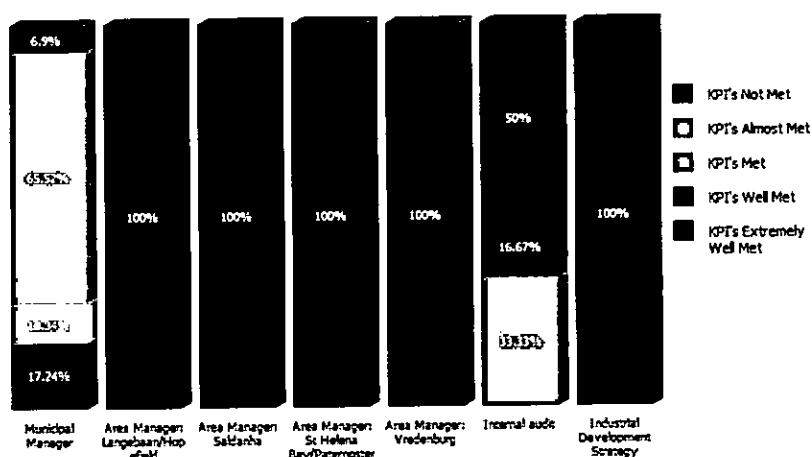
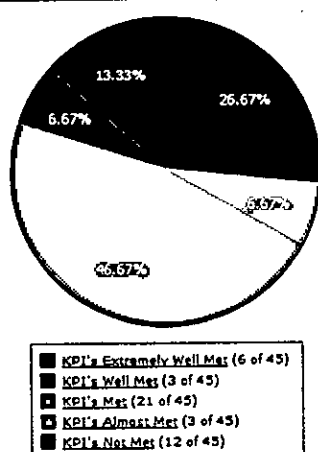
The Operational Key Performance Indicators for Office of the Municipal Manager are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
Good Governance and Public Participation	Development of Institutional and Operational Capacity	Achieving and promoting Good Governance, Transparency and Community Participation
Municipal Transformation and Organisational Development	Development of Institutional and Operational Capacity	To transform and develop the systems, mechanisms and procedures of the Saldanha Bay Municipality to become a caring and developmental municipality able to deliver quality services
Municipal Financial Viability and Management	Development of Institutional and Operational Capacity	To ensure a compliant, sustainable and financial viable municipality with the ability to fulfill its statutory Responsibilities
Basic Service Delivery	Basic Service Delivery and Infrastructure Development	To ensure the provision of an appropriate level of Basic Services and the required infrastructure to effectively manage community demands within the context of the integrated human settlements policy
Local Economic Development	Social Welfare Development	To develop, promote and diversify the Saldanha Bay economy in cooperation with local provincial, national and international partners

Table 120: Functional alignment – Office of the Municipal Manager

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Office of the Municipal Manager directorate in terms of the municipal SDBIP performance management system

Office of the Municipal Manager



Graph 13: Office of the Municipal Manager performance per sub-directorate

Corporate Services consists of the following divisions:

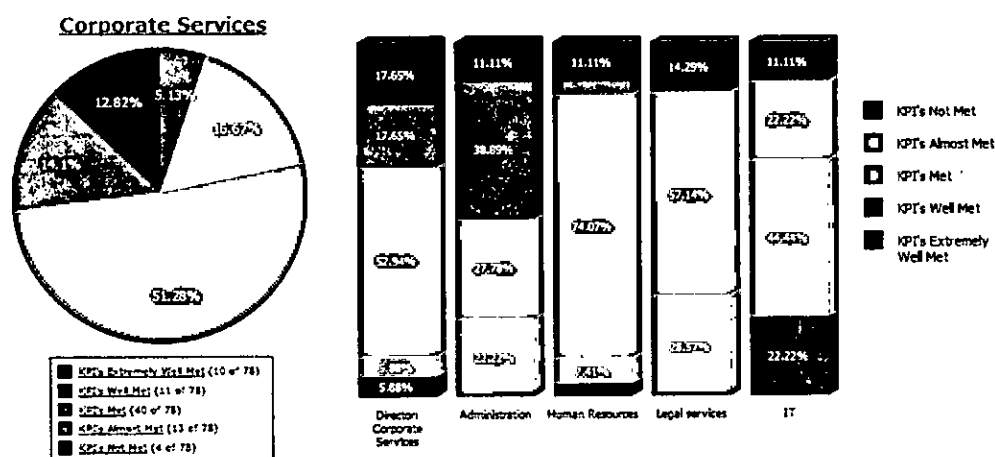
- Director: Corporate Services
- Administration
- Human Resources
- Legal services
- Information Technology

The Operational Key Performance Indicators for Corporate Services are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
Good Governance and Public Participation	Development of Institutional and Operational Capacity	Achieving and promoting Good Governance, Transparency and Community Participation
Municipal Transformation and Organisational Development	Development of Institutional and Operational Capacity	To transform and develop the systems, mechanisms and procedures of the Saldanha Bay Municipality to become a caring and developmental municipality able to deliver quality services
Municipal Financial Viability and Management	Development of Institutional and Operational Capacity	To ensure a compliant, sustainable and financial viable municipality with the ability to fulfill its statutory Responsibilities
Basic Service Delivery	Basic Service Delivery and Infrastructure Development	To ensure the provision of an appropriate level of Basic Services and the required infrastructure to effectively manage community demands within the context of the integrated human settlements policy
Local Economic Development	Social Welfare Development	To develop, promote and diversify the Saldanha Bay economy in cooperation with local provincial, national and international partners

Table 121: Functional alignment – Corporate Services

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Corporate Services directorate in terms of the municipal SDBIP performance management system



Graph 14: Corporate Services performance per sub-directorate

5.3.3

FINANCIAL SERVICES

Financial Services consists of the following divisions:

- Director: Finance
- Assets and Insurance
- Budget office
- Expenditure
- Finance: Information Technology
- Income
- Supply Chain Management

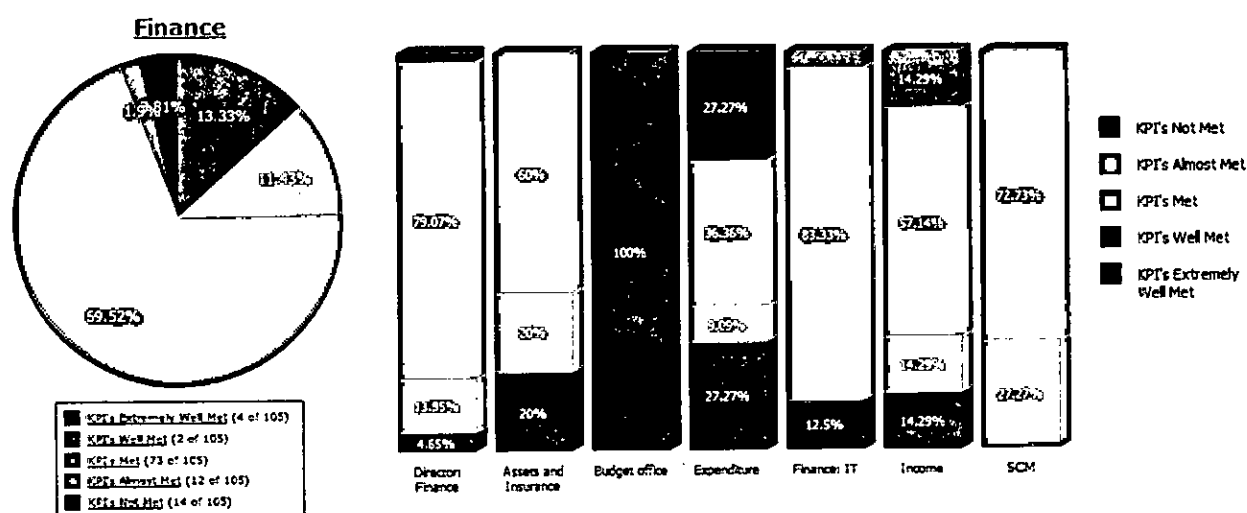
The Operational Key Performance Indicators for Financial Services are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
Good Governance and Public Participation	Development of Institutional and Operational Capacity	Achieving and promoting Good Governance, Transparency and Community Participation
Municipal Transformation and Organisational Development	Development of Institutional and Operational Capacity	To transform and develop the systems, mechanisms and procedures of the Saldanha Bay Municipality to become a

National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
		caring and developmental municipality able to deliver quality services
Municipal Financial Viability and Management	Development of Institutional and Operational Capacity	To ensure a compliant, sustainable and financial viable municipality with the ability to fulfill its statutory Responsibilities
Basic Service Delivery	Basic Service Delivery and Infrastructure Development	To ensure the provision of an appropriate level of Basic Services and the required infrastructure to effectively manage community demands within the context of the integrated human settlements policy
Local Economic Development	Social Welfare Development	To develop, promote and diversify the Saldanha Bay economy in cooperation with local provincial, national and international partners

Table 122: Functional alignment – Financial Services

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Financial Services directorate in terms of the municipal SDBIP performance management system



Graph 15: Financial Services performance per sub-directorate

Community Services consists of the following divisions:

- Director: Community Services
- Community development
- Disaster management
- Human settlement
- Law enforcement
- Traffic
- Libraries
- Licensing
- Public Amenities: Cemeteries
- Public Amenities: Parks
- Public Amenities: Resorts
- Public Amenities: Sports grounds

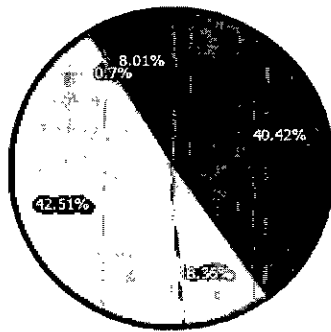
The Operational Key Performance Indicators for Community Services are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
Good Governance and Public Participation	Development of Institutional and Operational Capacity	Achieving and promoting Good Governance, Transparency and Community Participation
Municipal Transformation and Organisational Development	Development of Institutional and Operational Capacity	To transform and develop the systems, mechanisms and procedures of the Saldanha Bay Municipality to become a caring and developmental municipality able to deliver quality services
Municipal Financial Viability and Management	Development of Institutional and Operational Capacity	To ensure a compliant, sustainable and financial viable municipality with the ability to fulfill its statutory Responsibilities
Basic Service Delivery	Basic Service Delivery and Infrastructure Development	To ensure the provision of an appropriate level of Basic Services and the required infrastructure to effectively manage community demands within the context of the integrated human settlements policy
Local Economic Development	Social Welfare Development	To develop, promote and diversify the Saldanha Bay economy in cooperation with local provincial, national and international partners

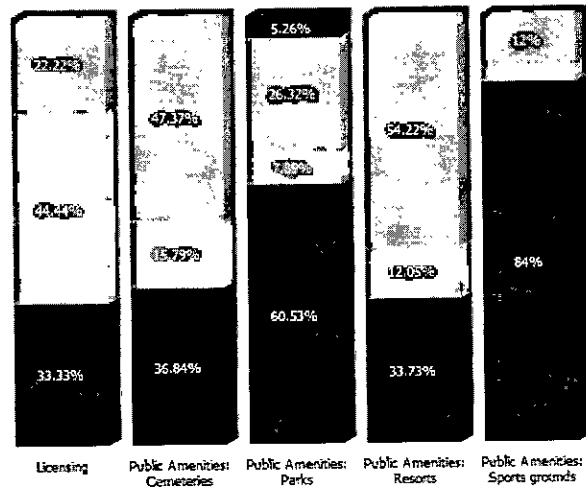
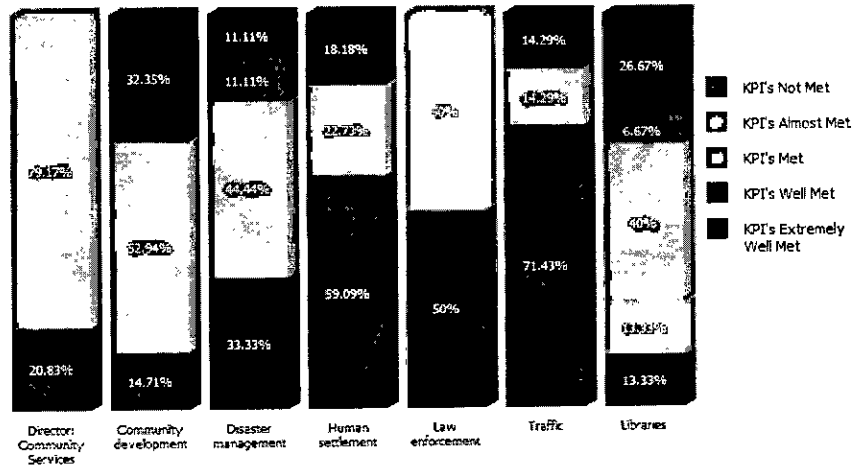
Table 123: Functional alignment – Community Services

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Community Services directorate in terms of the municipal SDBIP performance management system

Community Services



- KPI's Extremely Well Met (23 of 287)
- KPI's Well Met (2 of 287)
- KPI's Met (122 of 287)
- KPI's Almost Met (24 of 287)
- KPI's Not Met (116 of 287)



Graph 16: Community Services sub-directorate performance

5.3.5 TECHNICAL SERVICES

Technical Services consists of the following divisions:

- Director: Technical Services
- Cleansing services: Refuse removal
- Electricity: Distribution and Maintenance
- Municipal Buildings
- Roads and storm water
- Support services
- Water
- Sanitation
- Sewerage: Waste water treatment works
- Fleet management

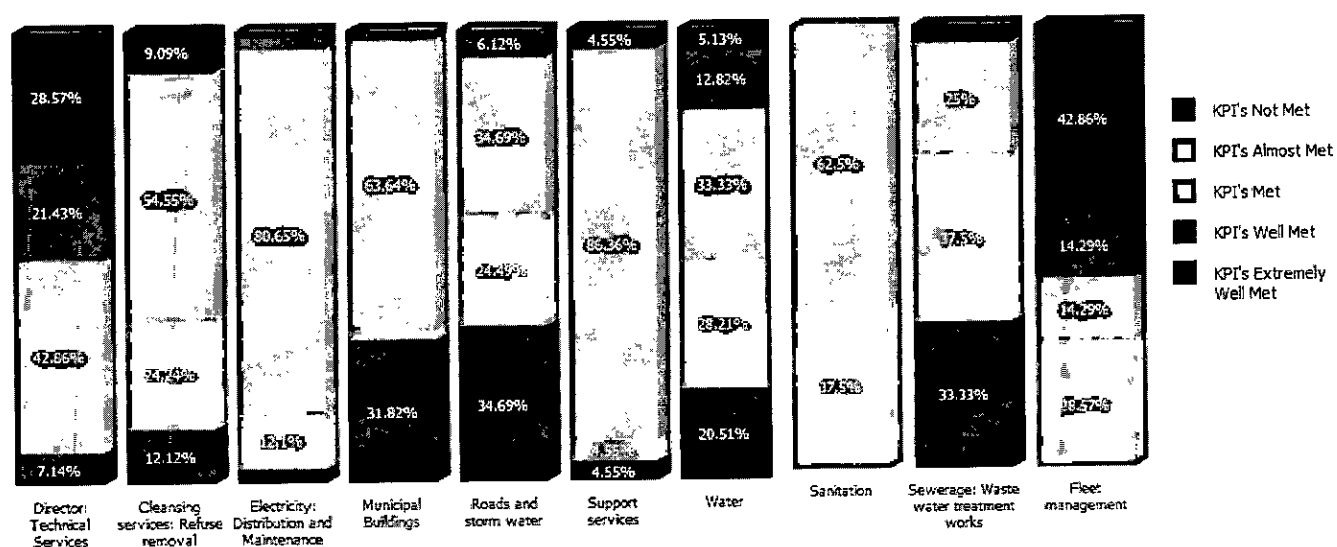
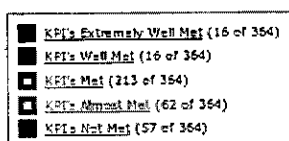
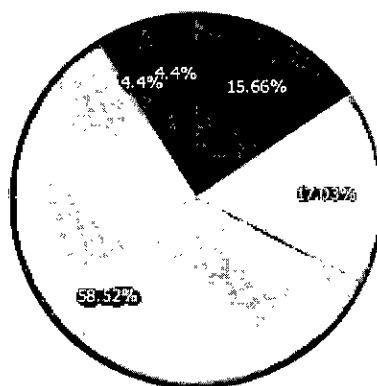
The Operational Key Performance Indicators for Technical Services are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
Good Governance and Public Participation	Development of Institutional and Operational Capacity	Achieving and promoting Good Governance, Transparency and Community Participation
Municipal Transformation and Organisational Development	Development of Institutional and Operational Capacity	To transform and develop the systems, mechanisms and procedures of the Saldanha Bay Municipality to become a caring and developmental municipality able to deliver quality services
Municipal Financial Viability and Management	Development of Institutional and Operational Capacity	To ensure a compliant, sustainable and financial viable municipality with the ability to fulfill its statutory Responsibilities
Basic Service Delivery	Basic Service Delivery and Infrastructure Development	To ensure the provision of an appropriate level of Basic Services and the required infrastructure to effectively manage community demands within the context of the integrated human settlements policy
Local Economic Development	Social Welfare Development	To develop, promote and diversify the Saldanha Bay economy in cooperation with local provincial, national and international partners

Table 124: Functional alignment – Technical Services

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Technical Services directorate in terms of the municipal SDBIP performance management system

Technical Services



Graph 17: Technical Services performance per sub-directorate

5.3.6 PLANNING AND STRATEGIC SERVICES

Planning and Strategic Services consists of the following divisions:

- Director: Planning and Strategic Services
- IDP
- Spatial planning and development: Building control
- Spatial planning and development: LED
- Spatial planning and development: Town planning
- Spatial planning and development: Strategic information Systems
- Communication

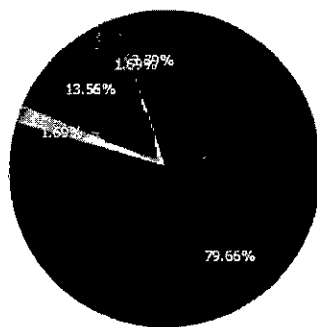
The Operational Key Performance Indicators for Planning and Strategic Services are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key Performance Area	Municipal Key Performance Area	IDP Strategic Objectives
Good Governance and Public Participation	Development of Institutional and Operational Capacity	Achieving and promoting Good Governance, Transparency and Community Participation
Municipal Transformation and Organisational Development	Development of Institutional and Operational Capacity	To transform and develop the systems, mechanisms and procedures of the Saldanha Bay Municipality to become a caring and developmental municipality able to deliver quality services
Municipal Financial Viability and Management	Development of Institutional and Operational Capacity	To ensure a compliant, sustainable and financial viable municipality with the ability to fulfill its statutory Responsibilities
Basic Service Delivery	Basic Service Delivery and Infrastructure Development	To ensure the provision of an appropriate level of Basic Services and the required infrastructure to effectively manage community demands within the context of the integrated human settlements policy
Local Economic Development	Social Welfare Development	To develop, promote and diversify the Saldanha Bay economy in cooperation with local provincial, national and international partners

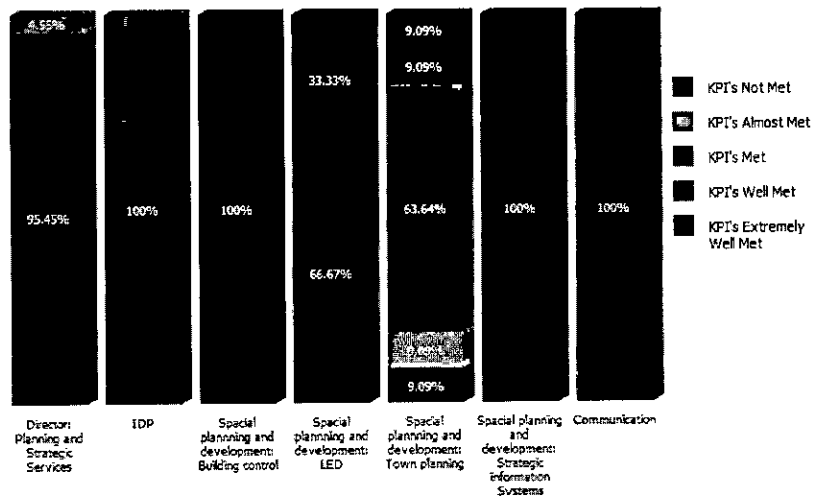
Table 125: Functional alignment – Planning and Strategic Services

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Planning and Strategic Services directorate in terms of the municipal SDBIP performance management system

Planning and Strategic Services



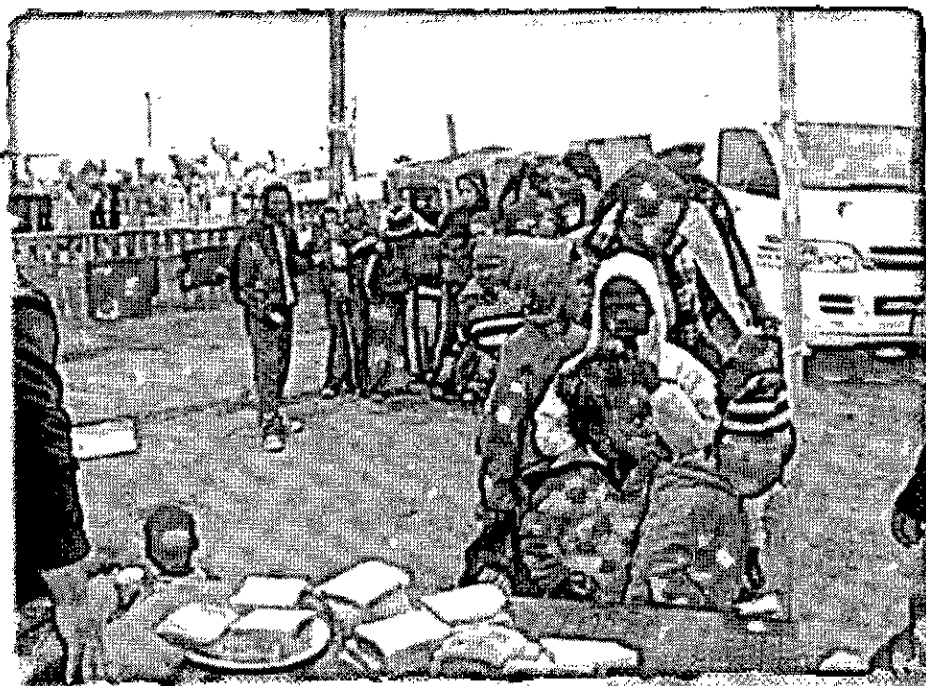
- KPI's Extremely Well Met (2 of 59)
- KPI's Well Met (1 of 59)
- KPI's Met (8 of 59)
- KPI's Almost Met (1 of 59)
- KPI's Not Met (47 of 59)



Graph 18: Planning and Strategic Services performance per sub-directorate

CHAPTER 6

Financial Performance



CHAPTER 6: FINANCIAL PERFORMANCE

6.1 NATIONAL KEY PERFORMANCE INDICATORS - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

KPA & INDICATOR	2008/09	2009/10	2010/11
Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)	22.5	25.6	27.4
Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	21.9	21.5	23.4
Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure	12.1	11.3	11.6

Table 126: National KPI's for financial viability and management

Note: Figures in the previous years were amended and as a result these figures will not match the figures in the annual performance report.

6.2 FINANCIAL VIABILITY HIGHLIGHTS

Highlight	Description
Positive cash position	All necessary reserves are cash backed.

Table 127: Financial Viability Highlights

6.3 FINANCIAL VIABILITY CHALLENGES

Challenge	Action to address
Affordable municipal service tariffs	A zero based budget approach

Table 128: Financial Viability Challenges

6.4 FINANCIAL SUSTAINABILITY

6.4.1 OPERATING RESULTS

The table below shows a summary of performance against budgets

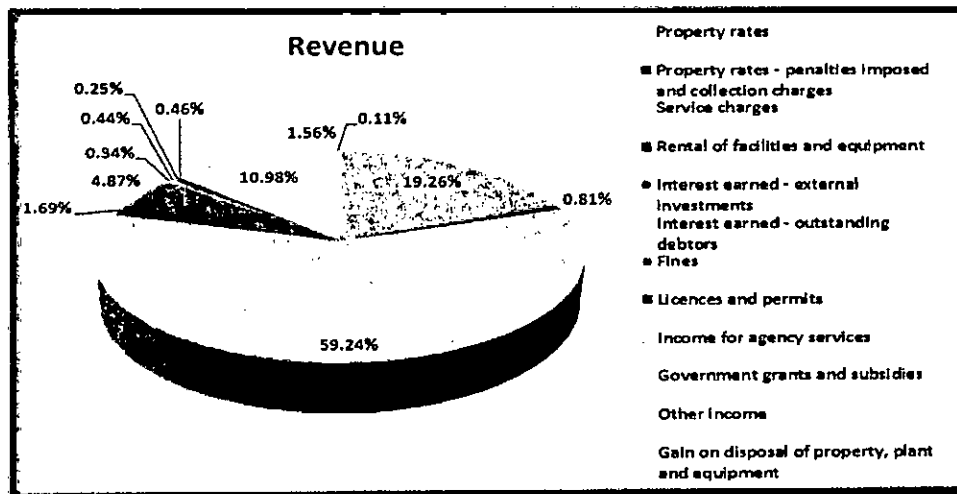
Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2007/08	336 265	377 596	(41 331)	112.3	318 150	305 456	(12 694)	96.0
2008/09	395 992	420 037	(24 041)	106.1	395 992	382 478	(13 514)	96.6
2009/10	468 717	476 798	(8 081)	101.7	468 717	454 873	(13 844)	97.0
2010/11	563 333	553 177	7 305	98.2	571 012	510 510	(60 502)	89.0

Table 129: Performance against budgets

Note: figures in the previous years were amended and will therefore not match the figures in the previous year annual report.

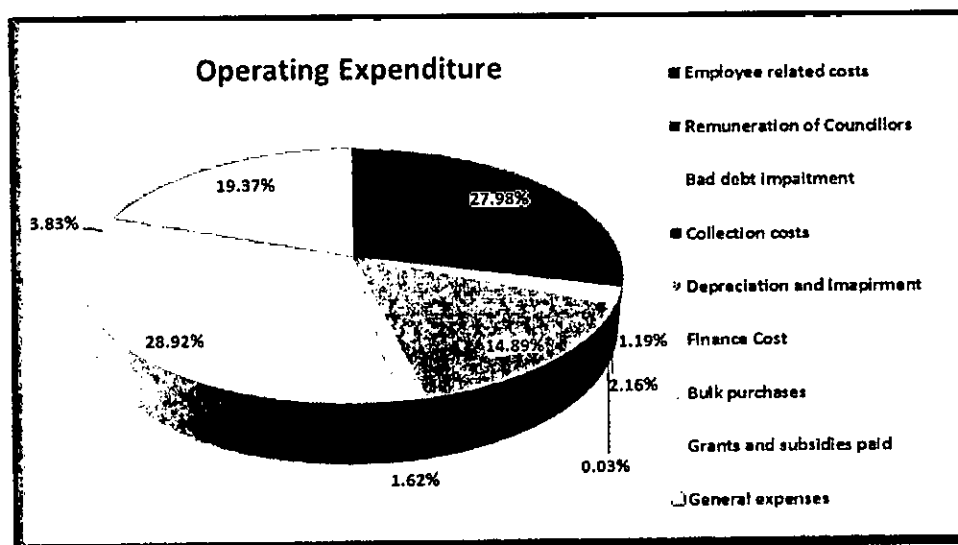
The municipality received R 556 million revenue for the year of which R510.5 million was utilised for operating expenditure. Salaries and allowances were 27% of the operating expenditure for the year under review and the percentage is within the national norm of between 35-40%. Bulk purchases of water and electricity and expenditure with regards to grants and subsidies that were received from other spheres of government along with salaries and allowances makes up most of the total operating expenditure of the municipality. Grant and subsidies received property tax and service charges account for most of the revenue for the year under review.

The following graph indicates the various types of revenue items in the municipal budget for 2010/11



Graph 19: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2010/11



Graph 20: Operating Expenditure

6.4.2 OUTSTANDING DEBTORS

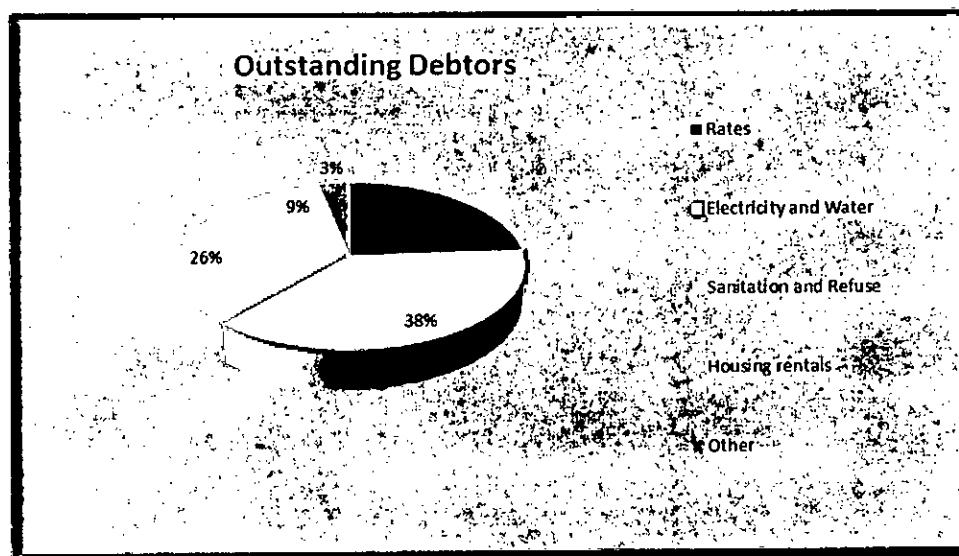
A) GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services (Electricity and Water)	Economic services (Sanitation and Refuse)	Housing rentals	Other	Total

	R'000	R'000	R'000	R'000	R'000	R'000
2008/09	15 952	22 914	16 875	9 900	1 305	66 946
2009/10	25 248	31 713	23 878	9 993	3 632	94 464
2010/11	27 770	43 504	30 351	10 307	3 668	115 600
Difference	2 522	11 791	6 473	314	36	21 136
% growth year on year	10.0	37.2	27.1	3.1	1.0	22.4

Table 130: Gross outstanding debtors per service

The following graph indicates the total outstanding debt per type of service for 2010/11



Graph 20: Debt per type of service

B) TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2008/09	21 611	2 192	1 812	41 331	66 946
2009/10	27 671	3 004	3 354	60 435	94 464
2010/11	32 969	3 112	2 914	76 605	115 600
Difference	5 298	108	(440)	16 170	21 136
% growth year on year	19.1	3.6	(13.1)	26.8	22.4

Table 131: Service debtor age analysis

Note: Figures exclude provision for bad debt

6.4.3 VIABILITY INDICATORS

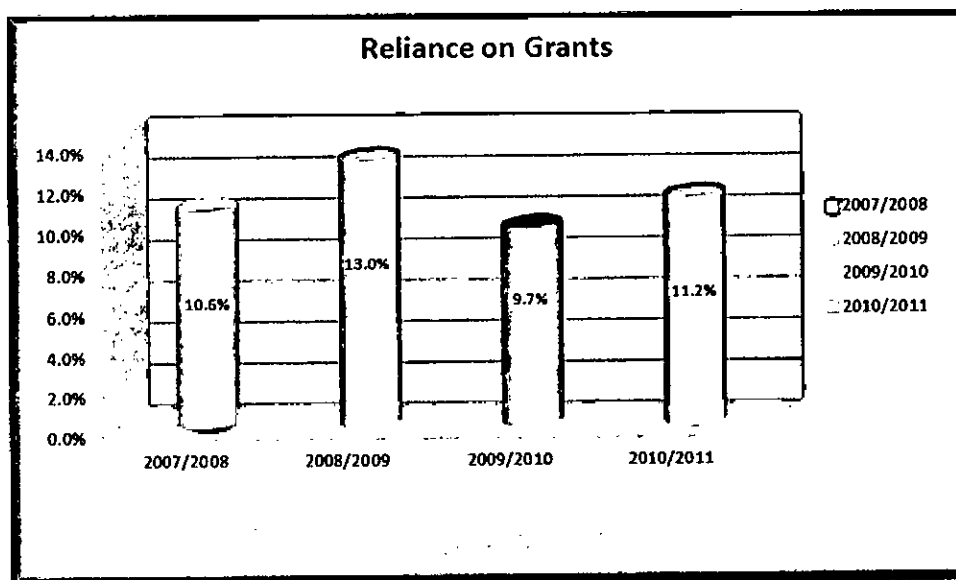
A) LEVEL OF RELIANCE ON GRANTS AND SUBSIDIES

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000	R'000	
2007/08	40 065	377 596	10.6
2008/09	54 734	420 037	13.0
2009/10	46 199	476 798	9.7
2010/11	62 086	553 177	8.9

Table 132: Reliance on grants

Note: Some of the previous year's figures changed and therefore will differ from the 2009/10 financial year annual report.

The following graph indicates the municipality's reliance on grants as percentage for the last three financial years



Graph 21: Reliance on grants as %

B) LIQUIDITY RATIO

Financial year	Net current assets	Net current liabilities	Ratio
	R'000	R'000	
2007/08	360 711	84 243	4.3:1
2008/09	412 983	84 127	4.9:1
2009/10	504 902	86 082	5.9:1
2010/11	553 634	107 231	5.2:1

Table 133: Liquidity ratio

Note: Some of the previous year's figures changed and therefore will differ from the 2009/10 financial year annual report.

6.4.4 AUDITED OUTCOMES

Year	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/11
Status	Qualified	Qualified	Disclaimer	Disclaimer	Qualified	Unqualified

Table 134: Audit outcomes

The following table provides the details on the audit outcomes for the past two financial years with the correctives steps implemented:

2008/09	
Issue raised	Corrective step implemented
<u>Disclaimer</u>	
Property, plant and equipment – The municipality applied Generally Accepted Municipal Accounting Practice Standard 17, <i>Property, Plant and Equipment</i> in the previous financial year. In terms of this standard, the municipality should have componentised major parts of assets, reassessed the useful lives, reassessed residual values and considered impairment for all classes of assets. This exercise was not performed for all infrastructure assets disclosed at a carrying value of R170 300 223 in note 10 to the financial statements	Sub-contractor of Deloitte Consulting was appointed to do the unbundling process.
Fines – There was no adequate system to reconcile the traffic fines issued with the cash received	Deloitte Consulting was appointed to perform the reconciliation. Recommendations were implemented during and after the completion of the review
Rental of facilities and equipment - A significant amount of the rental received from the hiring of facilities is received in cash at the facilities operated by the municipality. There is no adequate system of control	Procedures have been developed and communicated to relevant officials
Other financial assets - Other financial assets amounted to R2 028 717. This balance forms part of the housing development fund debtors referred to in note 21 to the	Temporary officials have been appointed to appropriately file documents at other offices/towns and for proper record keeping

2008/09	
Issue raised	Corrective step implemented
financial statements. The municipality did not have adequate controls or accounting records to support these amounts	
Unspent conditional grants - Unspent conditional grants amounted to R29 050 219. As a consequence of inadequate accounting records and as a result it was unable to obtain sufficient appropriate audit evidence for this balance	Deloitte Consulting worked closely with the finance staff to prepare the requisite grant schedules and the appropriate referencing thereof for proper and accurate record keeping
Unpaid conditional grants - unpaid conditional grants amounted to R20 484 411. As a consequence of inadequate accounting records and as a result it was unable to obtain sufficient appropriate audit evidence for this balance	Deloitte Consulting worked closely with the finance staff to prepare the requisite grant schedules and the appropriate referencing thereof for proper and accurate record keeping
Commitments - Capital commitments amounting to R29 474 450 were approved and contracted for. Due to this it was unable to inspect contracts or similar sufficient appropriate audit evidence to verify R10 661 000 of this balance.	Temporary officials have been appointed to appropriately file documents at other offices/towns and for proper record keeping.
Emphasis of matter:	
Unauthorised, irregular or fruitless and wasteful expenditure – Possible fruitless and wasteful Expenditure amounting to R101 877 was incurred in the 2008 financial year Irregular expenditure amounting to R709 610 was incurred in the 2008 financial year	This matter remains unresolved.
Material under spending of the budget - The municipality has under spent its budget by R49 788 148, which equates to 12, 6% of the budgeted expenditure.	Management embarked on a process to budget realistically in order to meet service delivery needs
Electricity and water losses - The municipality incurred losses of 12,84% of electricity (29 349 Kwh) and 16,07% of water (2 080 KI) on distribution.	The working procedures are monitored and significant changes are reported immediately.

Table 135: 2008/09 Detail on audit outcomes

2009/10	
Issue raised	Corrective step implemented
Qualification	
Property, plant and equipment – The municipality applied Generally Accepted Municipal Accounting Practice Standard 17, <i>Property, Plant and Equipment</i> in the previous financial year. In terms of this standard, the municipality should have componentised major parts of assets, reassessed the useful lives, reassessed residual values and considered impairment for all classes of assets. This exercise was not performed for all infrastructure assets disclosed at a carrying value of R170 300 223 in note 10 to the financial statements	Asset register unbundled and componentized and GRAP 17 fully implemented for 2009/10 financial year.
The municipality receives traffic fine income in cash at the	System changes have been effected. Only the comparative

2009/10	
Issue raised	Corrective step implemented
traffic department. In the prior year, there was no adequate system to reconcile the traffic fines issued with the cash received. The municipality's records did not permit the application of alternative audit procedures regarding this class of revenue. Consequently, I did not obtain all the information and explanations considered necessary to satisfy myself regarding the accuracy and completeness of traffic fine income stated at R1 661 748 in the statement of financial performance for the comparative financial year	year is queried and will thus fall away with the next audit
A significant amount of the rental received from the hiring of facilities is received in cash at the facilities operated by the municipality. In the prior year, there was no adequate system of control over such revenue on which I could rely for the purpose of my audit. The municipality's records did not permit the application of alternative audit procedures to obtain reasonable assurance that all cash revenue received had actually been recorded in the books of account. Consequently, I was unable to satisfy myself regarding the accuracy and completeness of revenue from the rental of facilities stated at R7 863 105 in the statement of financial performance for the comparative year	System changes have been effected. Only the comparative year is queried and will thus fall away with the next audit
Other financial assets - Other financial assets amounted to R2 028 717. This balance forms part of the housing development fund debtors referred to in note 21 to the financial statements. The municipality did not have adequate controls or accounting records to support these amounts	System changes have been effected. Only the comparative year is queried and will thus fall away with the next audit
During the prior year, as a consequence of inadequate accounting records, I was unable to obtain sufficient appropriate audit evidence for the government grants and subsidies which were recognised as earned. My audit opinion on the financial statements for the period ended 30 June 2009 was modified accordingly. As a consequence of inadequate accounting records, I was still unable to obtain sufficient appropriate audit evidence for the amounts disclosed for the government grants and subsidies for the comparative year in the statement of financial performance amounting to R54 733 755 as well as the impact thereof on the accumulated surplus. I am thus unable to verify the occurrence, accuracy or completeness of this amount	System changes have been effected. Only the comparative year is queried and will thus fall away with the next audit
Emphasis of matter:	
As disclosed in note 45 of the financial statements, the municipality incurred irregular expenditure amounting to R57 931 180.	To be reported to Council for consideration.
The municipality has materially underspent its capital budget by 60.8%. At the date of this report the under spending on capital projects amounted to R97 740 209. The Housing programme, the Road and Community and Social programmes were significantly affected by the lack of spending.	The forensic investigation implemented during 2009/10 had a negative effect on the SCM processes. Corrective steps are implemented.
As disclosed in Appendix G to the financial statements,	The Technical Departments to implement systems to reduce

2009/10	
Issue raised	Corrective step implemented
material losses to the amount of R12 505 574 for electricity and R5 179 200 for water were incurred as a result of a combination of technical and non technical losses.	distribution losses within acceptable levels.

Table 136: 2009/10 Detail on audit outcomes

2010/11	
Issue raised	Corrective step implemented
Unqualified	
Emphasis of matter:	
Restatement of corresponding figures: The corresponding figures for 30 June 2010 have been restated as a result of errors discovered during the 2010-11 financial year in the financial statements of the municipality at, and for the year ended 30 June 2010.	Annual Financial Statements will be reviewed for errors and/or omissions prior to submitting for review.
Subsequent events: The municipal manager resigned after the financial year-end and was paid a severance package amounting to R 1 276 580.	Will be further discussed with relevant stakeholders to resolve matter.
Material under spending of the budget: Materially underspent capital budget by R 69 349 404 (38%). Service delivery relating to the housing programme, road transport, corporate services and electricity and waste management was affected by the lack of spending.	Capital spending is periodically monitored and communicated to departmental officials.

Table 137: 2010/11 Detail on audit outcomes

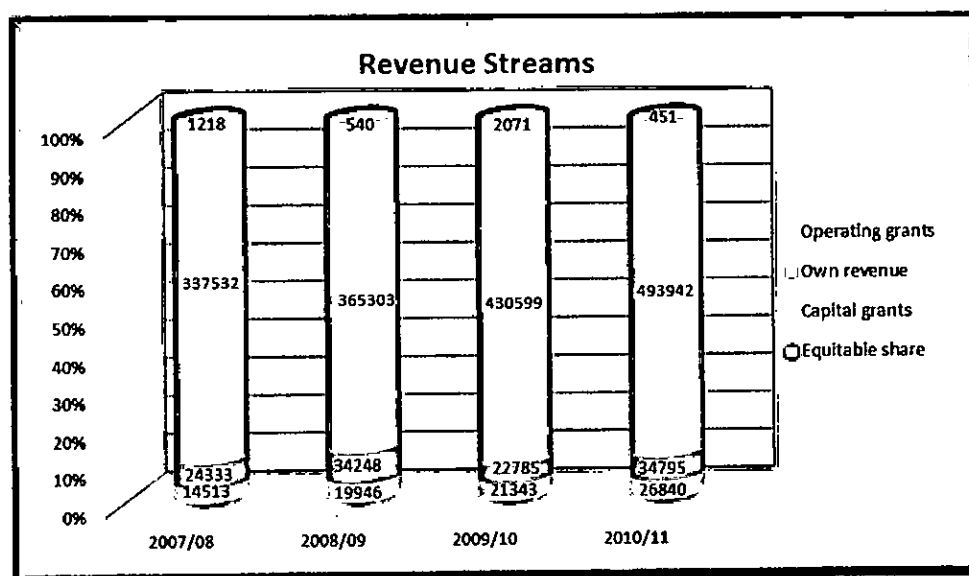
6.4.5 EQUITABLE SHARE VS TOTAL REVENUE

Description of revenue	Amount received 2007/08	Amount received 2008/09	Amount received 2009/10	Amount received 2010/11
	R'000	R'000	R'000	R'000
Equitable share	14 513	19 946	21 343	26 840
Capital grants	24 333	34 248	22 785	34 795
Operating grants	1 218	540	2 071	451
Own revenue	337 532	365 303	430 599	491 091
Total revenue	377 596	420 037	476 798	553 177

Table 138: Equitable share vs. total revenue

Note: Some of the previous year's figures changed and therefore will differ from the 2009/10 financial year annual report.

The following graph indicates the various revenue streams of the municipality for the past three financial years



Graph 22: Revenue streams

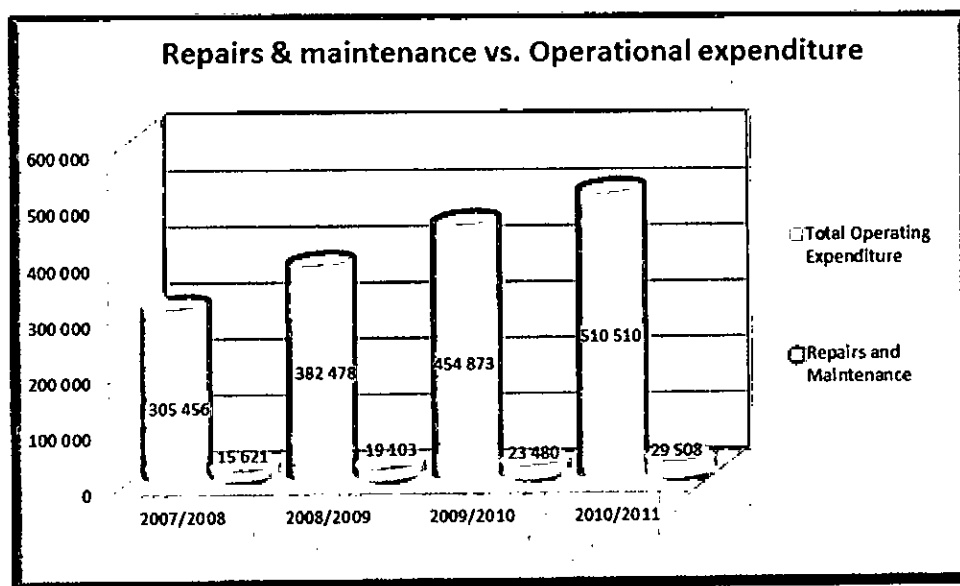
6.4.6 REPAIRS AND MAINTENANCE

Description	2007/2008	2008/2009	2009/2010	2010/11
	R'000	R'000	R'000	R'000
Total Operating Expenditure	305 456	382 478	454 873	510 510
Repairs and Maintenance	15 621	19 103	23 480	29 508
% of total OPEX	5.1	5.0	5.2	5.8

Table 139: Repairs & maintenance as % of total OPEX

Note: Some of the previous year's figures changed and therefore will differ from the 2009/10 financial year annual report.

The following graph indicates the percentage of the budget that was spent on repairs & maintenance in relation to the operational budget



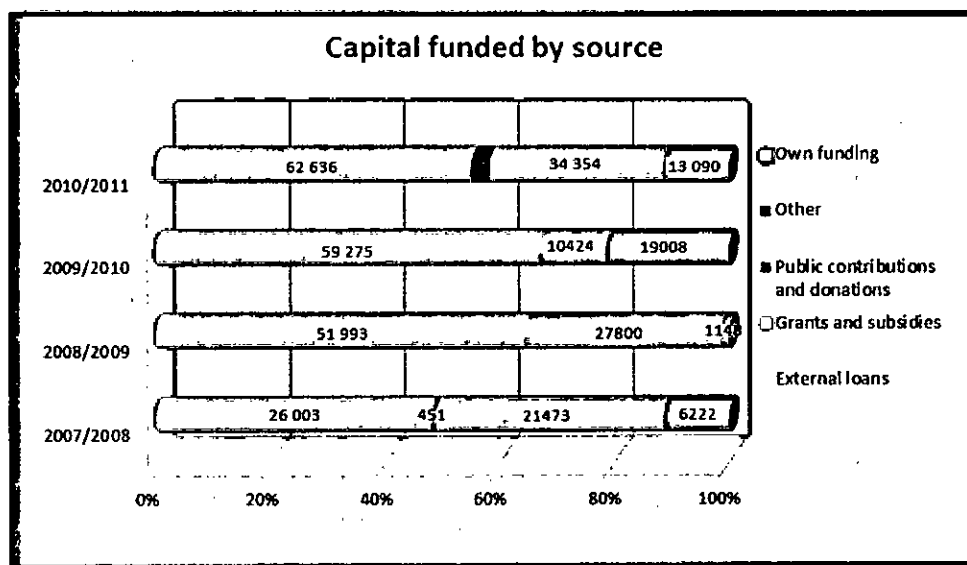
Graph 23: Repairs and maintenance as percentage of OPEX

6.4.7 CAPITAL FUNDED BY SOURCE

Description Source	2007/2008	2008/2009	2009/2010	2010/11
	R'000	R'000	R'000	R'000
External loans	6222	1148	19008	13 090
Grants and subsidies	21473	27800	10424	34 354
Public contributions and donations	451	0	0	0
Own funding	26 003	51 993	59 275	62 636
Other	0	0	0	3 836
Total capital expenditure	54 149	80 941	88 707	113 916

Table 140: Capital funded by source

The following graph indicates capital expenditure funded by the various sources

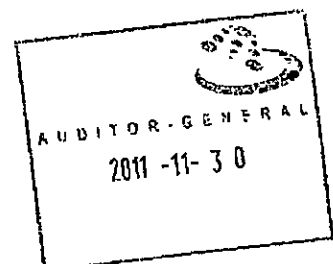


Graph 24: Capital funded by source

ANNEXURE A: FINANCIAL STATEMENTS 2010/2011



Saldanha Bay Municipality
Annual financial statements
for the year ended 30 June 2011

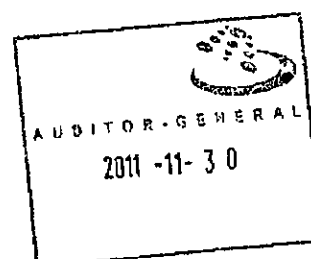


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

General Information

Legal form of entity	South African local Municipality as defined by the Municipal Structures Act (Act no 117 of 1998)
Nature of business and principal activities	Saldanha Bay Municipality is a local municipality performing the functions as set out in the Constitution (Act no 105 of 1996)
Grading of local authority	High Capacity Grade 9
Accounting Officer	J Fortuin
Chief Finance Officer (CFO)	J van Collier (Acting)
Business address	12 Main Street Vredenburg Western Cape 7380
Postal address	Private Bag X12 Vredenburg Western Cape 7380
Bankers	Standard Bank
Auditors	Auditor General
Attorneys	Utilise attorneys in the Municipal Area



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

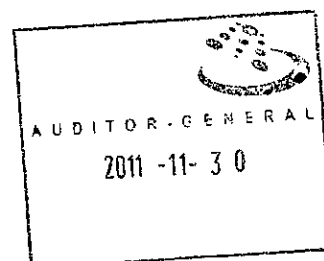
Index

The reports and statements set out below comprise the annual financial statements presented to the Council:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Accounting Policies	8 - 31
Notes to the Annual Financial Statements	32 - 76

Abbreviations

CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgment and estimates.


The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

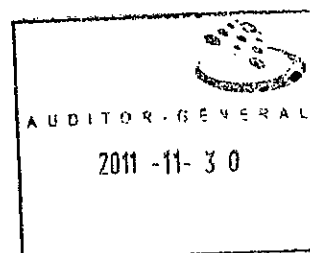
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 4 to 76, and Appendices A to K, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2011 and were signed on its behalf by:



Accounting Officer

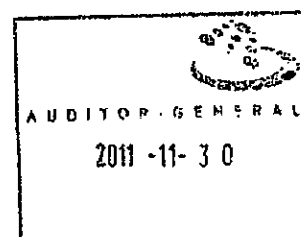


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
Assets			
Current Assets			
Inventories	4	3 794 135	3 542 566
Trade and other receivables from non-exchange transactions	6	28 002 668	33 242 108
VAT receivable		503 273	-
Trade and other receivables from exchange transactions	7	68 573 313	60 623 028
Operating lease assets		327 340	318 827
Cash and cash equivalents	8	452 433 314	407 175 346
		<u>553 634 043</u>	<u>504 901 875</u>
Non-Current Assets			
Investment property	9	3 335 000	1 125 000
Property, plant and equipment	10	2 046 629 024	2 011 606 978
Intangible assets	11	1 475 796	1 674 582
		<u>2 051 439 820</u>	<u>2 014 406 560</u>
Non-current assets held for sale and assets of disposal groups	12	7 140	-
Total Assets		<u>2 605 081 003</u>	<u>2 519 308 435</u>
Liabilities			
Current Liabilities			
Other financial liabilities	13	10 489 260	10 177 831
Finance lease obligation	14	273 933	2 992
Operating lease liability	15	65 033	-
Trade and other payables from exchange transactions	16	64 875 462	55 413 805
VAT payable		-	3 714 351
Consumer deposits	17	11 024 705	10 194 969
Retirement benefit obligation	19	330 000	699 000
Unspent conditional grants and receipts	18	20 172 840	5 878 609
		<u>107 231 233</u>	<u>86 081 557</u>
Non-Current Liabilities			
Other financial liabilities	13	77 672 426	68 504 313
Finance lease obligation	14	1 308 968	245
Retirement benefit obligation	19	56 389 000	49 875 205
Provisions	20	48 693 208	46 374 484
		<u>184 063 602</u>	<u>164 754 247</u>
Total Liabilities		<u>291 294 835</u>	<u>250 835 804</u>
Net Assets		<u>2 313 786 168</u>	<u>2 268 472 631</u>
Net Assets			
Accumulated surplus		<u>2 313 786 168</u>	<u>2 268 472 631</u>

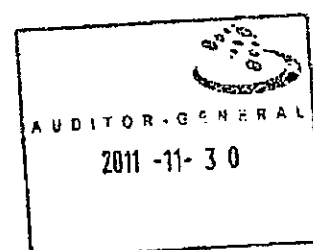


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue			
Property rates	25	106 499 258	105 189 487
Service charges	26	327 932 701	270 729 465
Property rates - penalties imposed and collection charges	25	4 556 368	4 361 628
Rental of Facilities and Equipment	27	9 547 611	9 182 102
Interest received - Outstanding Debtors		1 917 647	1 715 768
Income from agency services		2 573 611	2 397 226
Fines		2 511 497	2 847 757
Licences and permits		1 399 070	1 364 268
Government grants & subsidies	28	62 085 906	46 199 024
Other - Contribution to Bad Debt Ex Housing		388 969	(216 405)
Other - Discount from Creditors		722 119	500 678
Other - Building Plan Fees		1 706 292	499 082
Other Income		3 789 984	4 765 098
Interest earned - Bank and Call Deposits	30	27 546 018	28 290 646
Total Revenue		553 177 049	477 825 824
Expenditure			
Employee Related Costs	31	(142 860 212)	(123 896 468)
Remuneration of councilors	32	(6 088 067)	(5 755 882)
Inventory Written Off		(96 972)	(39 477)
Depreciation	33	(73 708 917)	(75 107 646)
Impairment on Landfill Site		(2 318 724)	(25 774 484)
Finance costs	34	(8 280 582)	(6 007 931)
Debtors Impairment	35	(11 036 085)	(4 880 053)
Collection costs		(168 050)	(263 406)
Repairs and maintenance		(29 507 991)	(23 480 343)
Bulk purchases	36	(147 624 386)	(116 182 815)
Grants and subsidies paid	37	(19 560 755)	(15 230 185)
General Expenses	38	(61 149 003)	(49 542 876)
Housing Schemes Top Structures Written out	38	-	(25 439)
Contribution to Post Retirement Medical Aid	38	(8 110 000)	(8 686 205)
Total Expenditure		(510 509 744)	(454 873 210)
Gain/(loss) on disposal of assets		641 095	(871 651)
Fair value adjustments		2 210 000	-
Surplus for the year		45 518 400	22 080 963



Saldanha Bay Municipality

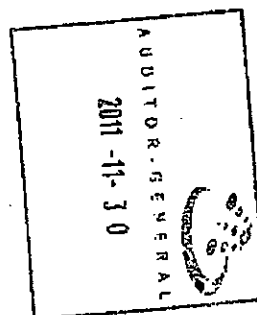
Annual Financial Statements for the year ended 30 June 2011

Statement of Changes in Net Assets

Figures in Rand

	Share capital / contributions from owners	Accumulated surplus	Total net assets
Opening balance as previously reported	-	807 909 202	807 909 202
Adjustments			
Errors re omitted infrastructure assets	-	10 296 884	10 296 884
Prior year adjustments	-	949 521 306	949 521 306
Balance at 01 July 2009 as restated	-	1 767 727 392	1 767 727 392
Changes in net assets			
Transfer from capitalisation reserve	-	(19 171 711)	(19 171 711)
Transfer to CRR	-	(48 981 294)	(48 981 294)
• Errors on Income Statement	-	38 468 116	38 468 116
Property, Plant and Equipment purchased (Note 20)	-	34 213 171	34 213 171
Interest on Housing Development Fund	-	(2 210 268)	(2 210 268)
Capital Grants used to purchase PPE (Note 20)	-	(11 939 927)	(11 939 927)
Movement in internal reserves (Note 20)	-	16 742 597	16 742 597
Insurance claim processed (Note 20)	-	117 477	117 477
Correction to impairment on debtors	-	7 238 161	7 238 161
Surplus for the year	-	22 080 963	22 080 963
Total recognised income and expenses for the year	-	29 319 124	29 319 124
Prior Period errors	-	471 426 115	471 426 115
Movement re surplus for all income statement prior period errors	-	500 745 239	500 745 239
Balance at 01 July 2010	-	2 268 472 634	2 268 472 634
Changes in net assets			
Surplus for the year	-	45 518 400	45 518 400
Offsetting of depreciation	-	2 756 838	2 756 838
Transfer to Capital Replacement Reserve (Note 20)	-	(50 021 097)	(50 021 097)
Property, Plant and Equipment Purchased (Note 20)	-	60 317 039	60 317 039
Insurance Claims Processed (Note 20)	-	102 005	102 005
Capital grants used to purchase Property, Plant and Equipment (Note 20)	-	(34 353 898)	(34 353 898)
Interest on Housing Development Fund	-	(1 989 173)	(1 989 173)
Movement in internal reserves (Note 20)	-	22 983 420	22 983 420
Total changes	-	45 313 534	45 313 534
Balance at 30 June 2011	-	2 313 786 168	2 313 786 168

Note(s)

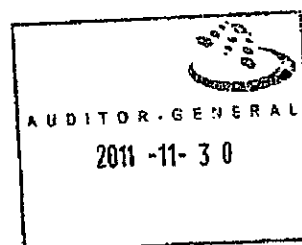


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Cash Flow Statement

Figures in Rand	Note(s)	2011	2010
Cash flows from operating activities			
Receipts			
Receipts from ratepayers, government and others		523 561 281	419 483 231
Interest income		27 546 018	28 290 646
		<u>551 107 299</u>	<u>447 773 877</u>
Payments			
Employee costs		(148 948 279)	(129 652 350)
Suppliers		(251 772 937)	(202 114 276)
Finance costs		(8 255 937)	(5 997 205)
		<u>(408 977 153)</u>	<u>(337 763 831)</u>
Net cash flows from operating activities	39	<u>142 130 146</u>	<u>110 010 046</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(108 824 066)	(62 428 267)
Proceeds from sale of property, plant and equipment	10	1 489 132	908 642
Purchase of other intangible assets	11	(563 292)	(347 915)
Proceeds from sale of other intangible assets	11	-	9 798
Operating lease asset		(8 513)	(119 099)
Net cash flows from investing activities		<u>(107 906 739)</u>	<u>(61 976 841)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		9 479 542	15 472 230
Finance lease payments		1 555 019	(20 816)
Net cash flows from financing activities		<u>11 034 561</u>	<u>15 451 414</u>
Net increase/(decrease) in cash and cash equivalents		<u>45 257 968</u>	<u>63 484 619</u>
Cash and cash equivalents at the beginning of the year		407 175 346	343 690 727
Cash and cash equivalents at the end of the year	8	<u>452 433 314</u>	<u>407 175 346</u>



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Loans and receivables

The municipality assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

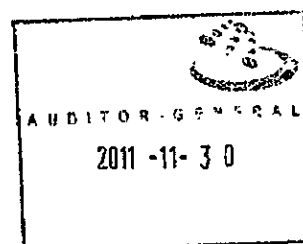
Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of infrastructure and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the infrastructure and other assets. This estimate is based on industry norm or technical advice. Management will amend the depreciation charge where there is a change in the estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

The municipality used the most relevant contractual risk rate applicable to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

Debtors Impairment

The provision for impairment is measured with reference to historical data and payment trend analysis per group of consumers and/or category. An impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

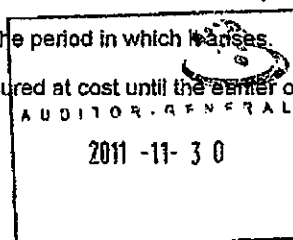
Fair value

Subsequent to initial measurement investment property is measured at fair value.

Fair value is determined by using the last available general valuation roll or market related valuations. Investment property

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

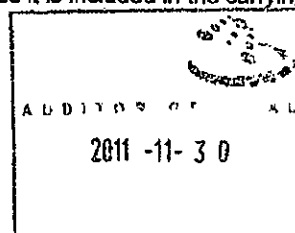
Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Land is not depreciated and are deemed to have an indefinite useful life.

Item	Average useful life
Infrastructure	
• Water	6 - 50
• Roads and paving	6 - 80
• Electricity	6 - 50
• Sewerage	5 - 99
• Pedestrian Malls	20
• Housing	20 - 30
• Security	3 - 5
Community Assets	
• Land and Buildings	30
• Recreational Facilities	20 - 30
• Other Community Assets	30
Other Assets	
• Land and Buildings	30
• Specialist Vehicles	15
• Office Equipment	3 - 5
• Furniture and Fittings	7
• Bins and Containers	5 - 15
• Emergency Equipment	5 - 15
• Motor Vehicles	3 - 20
• Specialist Plant and Equipment	5 - 15
• Airports	15 - 20
• Gas	20
• Landfill Sites	15

The residual value, and the useful life of each asset are reviewed at least annually.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.3 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at least annually. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the municipality; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.5 Intangible assets (continued)

The amortisation period and the amortisation method for intangible assets are reviewed at least annually.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, valuation roll, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

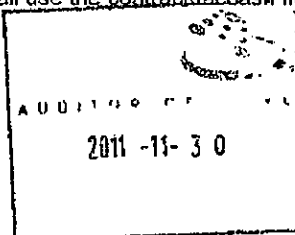
A concessionary loan is a loan granted to or received by an municipality on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an municipality's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.6 Financial instruments (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest in another municipality; or
- a contractual right to:
 - receive cash or another financial asset from another municipality; or
 - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by a municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

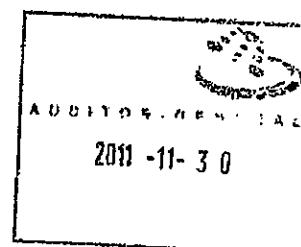
A financial asset is past due when a counterpart has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.6 Financial instruments (continued)

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Trade and other receivables from non-exchange transactions	Financial asset measured at amortised cost
Trade and other receivables from exchange transactions	Financial asset measured at amortised cost
Long term receivables	Financial asset measured at amortised cost
Non current investments	Financial asset measured at amortised cost
Other	Financial asset measured at fair value

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Borrowings	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost

Initial recognition

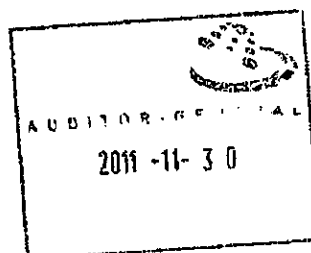
The municipality recognises a financial asset or financial liability in its statement of financial position when the municipality becomes a party to the contractual provision of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assesses at least annually whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.6 Financial instruments (continued)

Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

- Additional text

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

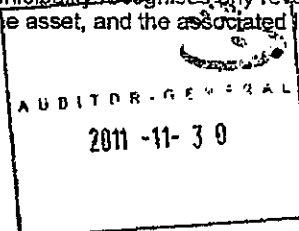
If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.



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Accounting Policies

1.6 Financial Instruments (continued)

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease or the incremental borrowing rate of the municipality.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

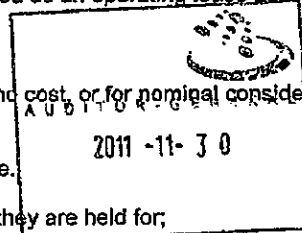
1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or



Saldanha Bay Municipality

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Accounting Policies

1.8 Inventories (continued)

- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.10 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash-inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses annually whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at least annually. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

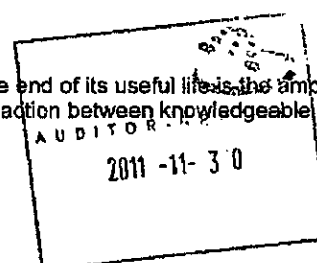
Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable willing parties, after deducting the estimated costs of disposal.



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Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

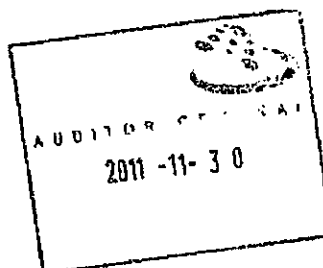
An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.



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Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess annually whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The Redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a Redesignation is appropriate.

1.11 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

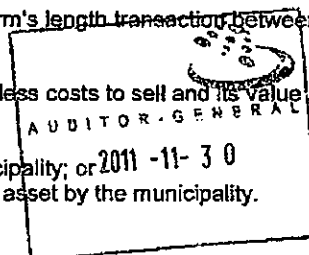
Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.



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Accounting Policies

1.11 Impairment of non-cash-generating assets (continued)

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses annually whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at least annually. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

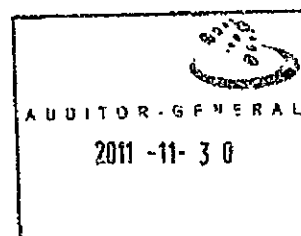
The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.



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Accounting Policies

1.11 Impairment of non-cash-generating assets (continued)

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The Redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a Redesignation is appropriate.

1.12 Employee benefits

Employee benefits are all forms of consideration given by an municipality in exchange for service rendered by employees.

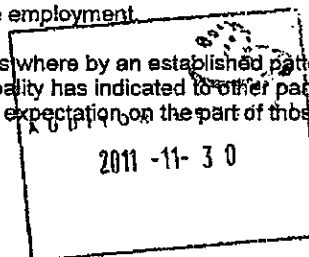
Termination benefits are employee benefits payable as a result of either:

- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.



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Accounting Policies

1.12 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phone) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

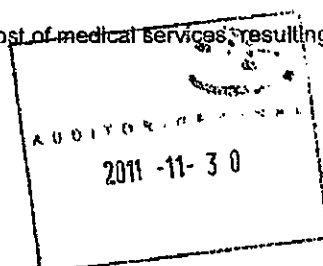
Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.



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Accounting Policies

1.12 Employee benefits (continued)

Other post retirement obligations

The municipality provides post-retirement health care benefits upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.13 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

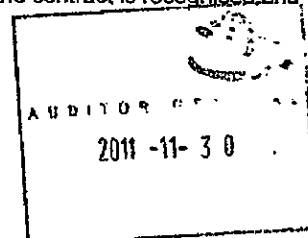
Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.13 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

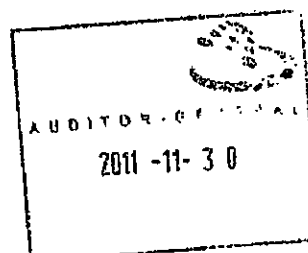
Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.14 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

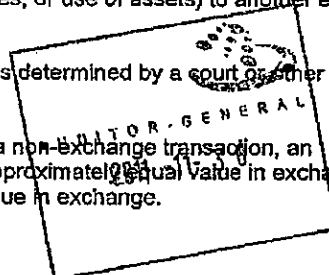
Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

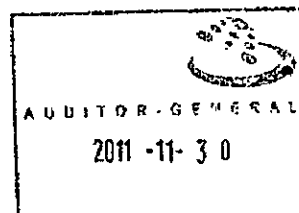
Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.16 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.10 and 1.11. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.19 Unauthorised expenditure

Unauthorised expenditure means:

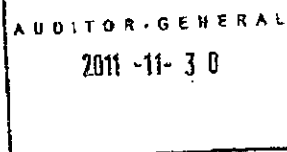
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.21 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of financial performance and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance..

Irregular expenditure that was incurred and identified during the current financial year and which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.22 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.23 Presentation of currency

These annual financial statements are presented in South African Rand which is the functional currency of the municipality.

1.24 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.25 Internal reserves

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality;
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance. The total interest earned on all the CRR investments of the municipality is transferred to the CRR;
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items;
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised;
- If a gain or loss is made on the sale of assets the gain or loss on the sale of assets is reflected in the Statement of Financial Performance;
- The amounts transferred to the CRR are based on the municipality's need to finance future capital projects;
- The contribution to the CRR by the relevant votes will be based on the previous year's cost price of the fixed assets controlled by that votes. The Council has six strategic votes as defined by the Municipal Finance Management Act, 2003 (Act 56 of 2003);
- The Council determines annually to contribute between 8% and 12% of the previous year's own income to the CRR;
- The current year's contribution may only be utilised for financing of capital expenditure in the following year.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.25 Internal reserves (continued)

Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Self insurance reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (excess payments). The balance of the Self-Insurance Reserve is ringfenced within the accumulated surplus/(deficit).

Claims not fully covered by external insurance are financed from the insurance reserve by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

The balance of the self-insurance fund is fully cash backed and is invested in fixed and short-term call deposits.

1.26 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

1.27 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.28 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.29 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

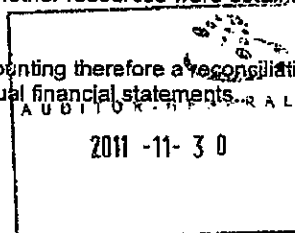
Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.30 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

2011

2010

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior year, except for the change listed below:

Government Grant Reserve

During the year, the municipality changed its accounting policy with respect to the treatment of the Government Grant reserve. In order to conform with the general treatment throughout all South African municipalities they wrote off the reserve in total back to the accumulated surplus. The net effect on prior periods is zero on the accumulated surplus. The net effect on future periods is zero on the accumulated surplus.

3. New standards and interpretations

3.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2011 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

The impact of this standard is currently being assessed.

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

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Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

The impact of this standard is currently being assessed.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

The impact of this standard is currently being assessed.

GRAP 103: Heritage Assets

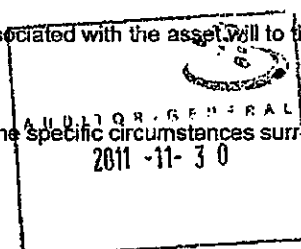
GRAP 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset should be recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will to the municipality; and
- the cost of fair value of the asset can be measured reliably.

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

GRAP 103 states that a heritage asset should be measured at its cost unless it is acquired through a non-exchange transaction which should then be measured at its fair value as at the date of acquisition.

In terms of the standard, an entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

GRAP 103 prescribes that when determining the fair value of a heritage asset that has more than one purpose, the fair value should reflect both the asset's heritage value and the value obtained from its use in the production or supply of goods or services or for administrative purposes.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

GRAP 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

The carrying amount of a heritage asset should be derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The effective date of the standard is for years beginning on or after 01 April 2011.

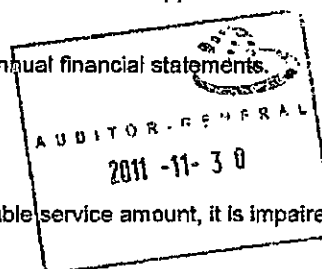
The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 21: Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

An municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable service amount of the asset.

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- Depreciated replacement cost approach
- Restoration cost approach
- Service units approach

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

An municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 2012.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

The impact of this standard is currently being assessed.

GRAP 26: Impairment of cash-generating assets

Cash-generating assets are those assets held by an municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, an municipality estimates the recoverable amount of the asset. When estimating the value in use of an asset, an municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and an municipality applies the appropriate discount rate to those future cash flows.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

An municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, an municipality estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

The impact of this standard is currently being assessed.

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an municipality in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
 - pool the assets contributed by various entities that are not under common control; and
 - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the municipality that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;

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Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

- Post-employment benefit plans as formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
 - an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
 - All short-term employee benefits;
 - Short-term compensated absences;
 - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

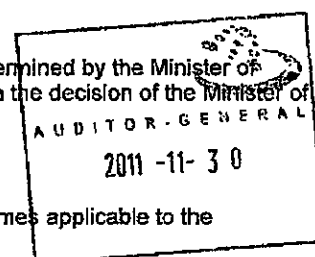
- Present value of defined benefit obligations and current service cost:
 - Actuarial valuation method;
 - Attributing benefits to periods of service;
 - Actuarial assumptions;
 - Actuarial assumptions: Discount rate;
 - Actuarial assumptions: Salaries, benefits and medical costs;
 - Actuarial gains and losses;
 - Past service cost.
- Plan assets:
 - Fair value of plan assets;
 - Reimbursements;
 - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.



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Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

The impact of this standard is currently being assessed.

GRAP 104: Financial Instruments

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests. Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument. Residual interests entitle an municipality to a portion of another municipality's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, an municipality considers the substance of the contract and not just the legal form.

Where a single instrument contains both a liability and a residual interest component, the issuer allocates the instrument into its component parts. The issuer recognises the liability component at its fair value and recognises the residual interest as the difference between the carrying amount of the instrument and the fair value of the liability component. No gain or loss is recognised by separating the instrument into its component parts.

Financial assets and financial liabilities are initially recognised at fair value. Where an municipality subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Concessionary loans are loans either received by or granted to another municipality on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. An municipality measures a financial instrument at fair value if it is:

- a derivative;
- a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- held-for-trading;
- a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;
- an investment in a residual interest for which fair value can be measured reliably; and
- other instruments that do not meet the definition of financial instruments at amortised cost or cost.

Derivatives are measured at fair value. Combined instruments that include a derivative and non-derivative host contract are accounted for as follows:

- Where an embedded derivative is included in a host contract which is a financial instrument within the scope of this Standard, an entity can designate the entire contract to be measured at fair value or, it can account for the host contract and embedded derivative separately using GRAP 104. An municipality is however required to measure the entire instrument at fair value if the fair value of the derivative cannot be measured reliably.
- Where the host contract is not a financial instrument within the scope of this Standard, the host contract and embedded derivative are accounted for separately using GRAP 104 and the relevant Standard of GRAP.

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Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, an municipality can however designate such an instrument to be measured at fair value.

An municipality can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once an municipality has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

An entity derecognises a financial asset, or the specifically identified cash flows of an asset, when:

- the cash flows from the asset expire, are settled or waived;
- significant risks and rewards are transferred to another party; or
- despite having retained significant risks and rewards, an municipality has transferred control of the asset to another municipality.

An municipality derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where an municipality modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

An municipality cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for an municipality's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that an municipality is exposed to as a result of its annual financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

GRAP 104 does not prescribe principles for hedge accounting. An municipality is permitted to apply hedge accounting, as long as the principles in IAS 39 are applied.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

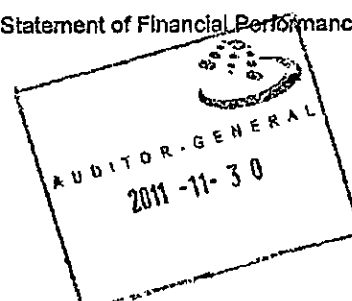
The impact of this amendment is currently being assessed.

4. Inventories

Consumable stores - at cost	3 680 507	3 425 960
Water - at cost	113 628	116 606
	<u>3 794 135</u>	<u>3 542 566</u>

Carrying value of inventories carried at lower of cost and net realisable value. 3 794 135 3 542 566

During the year an amount of R96 972 (2010 - R39 477) was written off to the Statement of Financial Performance.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
5. Other financial assets		
Loans and receivables		
Housing Selling Scheme Loans	1 522 626	1 695 264
	1 522 626	1 695 264
Loans and receivables (impairments)	(1 522 626)	(1 695 264)
	-	-

Loans and receivables impaired

As of 30 June 2011, loans and receivables of R1 522 626 (2010: R1 695 264) were impaired and provided for.

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

6. Trade and other receivables from non-exchange transactions

Trade debtors	21 929 291	27 050 144
Prepaid expenditure	80 370	-
Unpaid Conditional Grants and Subsidies	2 505 165	5 623 062
Sundry Debtors	3 487 842	568 902
	28 002 668	33 242 108

Other receivables from non-exchange transactions pledged as security

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Immaterial other receivables from non-exchange transactions' credit ratings were not reviewed nor impaired due to no or limited external credit ratings or historical information available.

Fair value of other receivables from non-exchange transactions

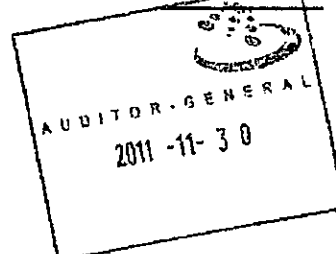
Other receivables from non-exchange transactions	28 002 667	33 242 108
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The fair value has been determined by using the face value of the outstanding capital.

7. Trade and other receivables from exchange transactions

Gross balances

Rates	27 769 764	25 247 750
Electricity	12 174 180	9 457 329
Water	31 329 734	22 255 938
Sewerage	16 067 894	12 925 794
Refuse	14 282 999	10 951 794
Sundry Debtors	3 668 258	3 632 503
Housing rental	10 307 259	9 992 912
	115 600 088	94 464 020



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
7. Trade and other receivables from exchange transactions (continued)		
Less: Provision for bad debts		
Rates	(6 577 769)	(8 180 448)
Electricity	(1 498 950)	(986 370)
Water	(13 140 881)	(5 209 002)
Sewerage	(8 405 575)	(5 767 544)
Refuse	(7 096 341)	(3 889 424)
Housing rental	(10 307 259)	(9 808 204)
	(47 026 775)	(33 840 992)
Net balance		
Rates	21 191 995	17 067 302
Electricity	10 675 230	8 470 959
Water	18 188 853	17 046 936
Sewerage	7 662 319	7 158 250
Refuse	7 186 658	7 062 370
Sundry Debtors	3 668 258	3 632 503
Housing rental	-	184 708
	68 573 313	60 623 028
Rates		
Current (0 -30 days)	6 348 542	4 821 290
31 - 60 days	844 525	710 058
61 - 90 days	748 647	1 112 215
91 - 120 days	876 938	508 229
121 - 365 days	6 944 053	4 955 031
> 365 days	5 429 290	4 960 479
	21 191 995	17 067 302
Electricity		
Current (0 -30 days)	9 616 930	7 469 420
31 - 60 days	119 114	79 896
61 - 90 days	117 015	63 507
91 - 120 days	110 227	55 378
121 - 365 days	410 158	380 743
> 365 days	301 786	422 015
	10 675 230	8 470 959
Water		
Current (0 -30 days)	6 888 338	4 810 126
31 - 60 days	695 933	600 270
61 - 90 days	719 338	524 536
91 - 120 days	815 910	482 178
121 - 365 days	4 052 089	3 514 334
> 365 days	5 217 245	7 115 492
	18 188 853	17 046 936
Sewerage		
Current (0 -30 days)	1 469 858	1 337 715
31 - 60 days	304 286	264 783
61 - 90 days	264 035	233 646
91 - 120 days	243 312	219 180
121 - 365 days	2 033 864	1 800 762
> 365 days	3 346 964	3 302 164
	7 662 319	7 158 250

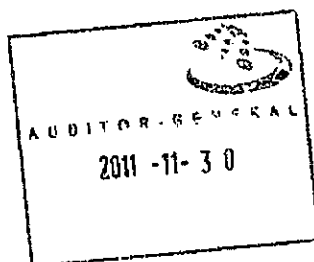


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
7. Trade and other receivables from exchange transactions (continued)		
Refuse		
Current (0 -30 days)	1 643 664	1 565 584
31 - 60 days	314 207	281 852
61 - 90 days	291 225	240 320
91 - 120 days	266 194	225 854
121 - 365 days	1 799 914	1 603 208
> 365 days	2 871 454	3 145 552
	7 186 658	7 062 370
Sundry Debtors - Billing		
Current (0 -30 days)	1 303 967	1 014 848
31 - 60 days	131 716	134 582
61 - 90 days	97 539	133 587
91 - 120 days	107 389	108 886
121 - 365 days	996 107	1 668 613
> 365 days	1 031 540	571 987
	3 668 258	3 632 503
Housing rental		
Current (0 -30 days)	-	36 561
31 - 60 days	-	27 904
61 - 90 days	-	22 548
91 - 120 days	-	184 879
121 - 365 days	-	289 635
> 365 days	-	(376 819)
	-	184 708
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	18 167 968	13 227 958
31 - 60 days	2 553 503	2 248 138
61 - 90 days	2 369 541	2 086 041
91 - 120 days	2 194 206	2 023 449
121 - 365 days	15 966 439	14 226 636
> 365 days	46 987 471	34 055 607
	88 239 128	67 867 829
Less: Provision for bad debts	(35 774 020)	(22 618 137)
	52 465 108	45 249 692
Industrial/ commercial		
Current (0 -30 days)	13 510 531	13 714 684
31 - 60 days	537 992	738 986
61 - 90 days	512 679	1 233 106
91 - 120 days	577 253	447 999
121 - 365 days	3 990 212	4 112 864
> 365 days	5 317 773	3 290 647
	24 446 440	23 538 286
Less: Provision for bad debts	(9 819 642)	(9 668 207)
	14 626 798	13 870 079



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
7. Trade and other receivables from exchange transactions (continued)		
National and provincial government		
Current (0 -30 days)	1 290 214	728 235
31 - 60 days	20 187	16 616
61 - 90 days	32 188	35 002
91 - 120 days	48 589	13 722
121 - 365 days	644 596	1 716 025
> 365 days	878 747	548 304
	<u>2 914 521</u>	<u>3 057 904</u>
Less: Provision for bad debts	<u>(1 433 113)</u>	<u>(1 554 649)</u>
	<u>1 481 408</u>	<u>1 503 255</u>
Total		
Current (0 -30 days)	32 968 711	27 670 877
31 - 60 days	3 111 682	3 003 740
61 - 90 days	2 914 408	3 354 150
91 - 120 days	2 820 048	2 485 170
121 - 365 days	20 601 248	20 055 525
> 365 days	53 183 991	37 894 558
	<u>115 600 088</u>	<u>94 464 020</u>
Less: Provision for bad debts	<u>(47 026 775)</u>	<u>(33 840 992)</u>
	<u>68 573 313</u>	<u>60 623 028</u>
Less: Provision for debt impairment		
Current (0 -30 days)	(5 697 491)	(6 615 333)
31 - 60 days	(701 901)	(904 396)
61 - 90 days	(676 609)	(1 023 789)
91 - 120 days	(600 078)	(700 587)
121 - 365 days	(4 365 062)	(5 843 198)
> 365 days	(34 985 634)	(18 753 689)
	<u>(47 026 775)</u>	<u>(33 840 992)</u>

Credit quality of trade and other receivables

The credit quality of consumer debtors that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Fair value of trade and other receivables

Trade and other receivable from exchange transactions	<u>68 573 313</u>	<u>60 623 028</u>
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The fair value has been determined by using the face value of the outstanding capital.

Trade and other receivable from exchange transactions impaired

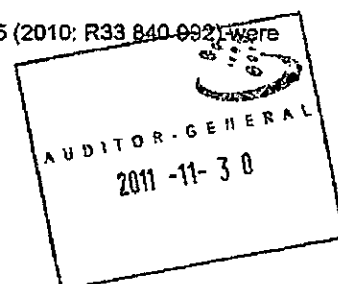
The municipality calculated the payment trends per service over the past 24 months in order to ensure that trade and other receivables from exchange transactions are shown at the fair value.

As of 30 June 2011, trade and other receivables from exchange transactions of R47 026 775 (2010: R33 840 992) were impaired and provided for.

Bad debts of R1 515 171 (2010: R74 039) (inclusive of VAT) was written off during the year.

8. Cash and cash equivalents

Cash and cash equivalents consist of:



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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8. Cash and cash equivalents (continued)

Cash on hand	15 514	13 824
Bank balances	92 417 800	22 161 522
Short-term deposits	360 000 000	385 000 000
	452 433 314	407 175 346

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2011	30 June 2010	30 June 2009	30 June 2011	30 June 2010	30 June 2009
Standard Bank - Cheque Account - 08 243 7238	102 956 099	22 623 652	50 146 498	92 417 800	22 161 522	48 677 652

The fair value has been determined by using the face value of the outstanding capital.

Refer to Appendix H for a detailed breakdown of the short term call deposits.

All unspent conditional grants have been ringfenced in the short term call deposits and may not be utilised for any other purposes.

The different institutions have external credit ratings.

9. Investment property

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	3 335 000	-	3 335 000	1 125 000	-	1 125 000

Reconciliation of investment property - 2011

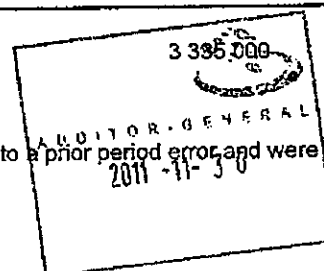
	Opening balance	Fair value adjustments	Total
Investment property	1 125 000	2 210 000	3 335 000

Reconciliation of investment property - 2010

	Opening balance	GRAP 3 - Depreciation Reversal	Total
Investment property	1 124 605	395	1 125 000
Fair value of investment properties			1 125 000

Other disclosures

During the year depreciation of R395 were rolled back. This depreciation relates to a prior period error and were dealt with in accordance with GRAP 3 Prior Period Errors. Refer to note 42.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

2011

2010

9. Investment property (continued)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluations was 21 February 2011. Revaluations were performed by an independent valuer, Mr NH Marais, of M3 Wellington. M3 Wellington are not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation for the land portion was based on adapted comparable sales and for the improvements there-on on depreciated replacement costs.

These assumptions are based on current market conditions and is considered a fair value.

10. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	493 089 490	-	493 089 490	486 738 988	-	486 738 988
Buildings	185 789 776	(74 305 015)	111 464 761	180 838 064	(69 092 288)	111 745 776
Infrastructure	2 277 501 087	(1 018 287 243)	1 259 213 844	2 226 729 826	(955 748 058)	1 270 981 768
Community	32 044 495	(17 087 120)	14 957 375	26 610 172	(16 552 644)	10 057 528
Other property, plant and equipment	164 003 981	(97 381 548)	66 622 433	148 638 801	(94 488 263)	54 150 538
Capital work in progress	99 760 466	-	99 760 466	77 930 713	-	77 930 713
Leased Assets	1 639 932	(119 277)	1 520 655	14 000	(12 133)	1 867
Total	3 253 809 227	(1 207 180 203)	2 046 629 024	3 147 500 364	(1 135 893 386)	2 011 606 978



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Classified as held for sale	Transfers	Landfill Site	Change in Accounting Estimate	Depreciation	Impairment loss	Total
Land	486 738 988	6 500 000	(149 498)	-	-	-	-	-	-	493 089 490
Buildings	111 745 776	4 743 070	(21 000)	-	209 643	-	2 847	(5 215 575)	-	111 464 761
Infrastructure	1 270 981 768	10 650 086	-	-	40 121 176	-	-	(62 539 186)	-	1 259 213 844
Community	10 057 528	4 154 233	-	-	1 280 089	-	-	(505 021)	(29 454)	14 957 375
Other property, plant and equipment	54 150 338	17 684 809	(652 264)	(7 140)	-	2 318 724	3 995 655	(8 385 635)	(2 482 054)	66 622 433
Capital work in progress	77 930 713	63 465 936	(25 275)	-	(41 610 908)	-	-	-	-	99 760 466
Leased Assets	1 867	1 625 932	-	-	-	-	-	(107 144)	-	1 520 655
	2 011 606 978	108 824 066	(848 037)	(7 140)	-	2 318 724	3 998 502	(76 752 561)	(2 511 508)	2 046 629 024

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals and GRAP 3 Prior Period Error	Transfers	Landfill Site	GRAP 3 Prior Period Errors	Depreciation and Impairment	Impairment loss	Total
Land	487 189 000	-	(752 298)	-	-	302 286	-	-	486 738 988
Buildings	111 633 824	6 747 125	-	530 990	-	2 679 546	(9 845 709)	-	111 745 776
Infrastructure	1 316 482 305	7 412 077	-	8 437 049	25 774 483	(29 195 136)	(32 154 527)	(25 774 483)	1 270 981 768
Community	12 254 098	1 350 957	-	228 571	-	(3 188 651)	(587 447)	-	10 057 528
Other property, plant and equipment	49 672 996	6 581 643	(1 027 995)	1 158 810	-	5 557 690	(7 792 806)	-	54 150 338
Capital work in progress	48 336 262	40 336 465	-	(10 742 014)	-	-	-	-	77 930 713
Leased Assets	404 751	-	-	(402 884)	-	-	-	-	1 867
	2 025 973 236	62 428 267	(1 780 293)	(789 478)	25 774 483	(23 844 265)	(50 380 489)	(25 774 483)	2 011 606 978

AUDIT
 2011-11-30
 O.R.G. S. R. A. I.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand 2011 2010

10. Property, plant and equipment (continued)

Other Information

During the year the following main transactions/events occurred on the asset register:

1. Work in progress are shown separately as required by GRAP standards
2. During the year buildings and other assets were reviewed and this resulted in a material difference. Accumulated depreciation to the amount of R37 583 and R20 222 973 were rolled back on buildings and other assets. Refer to note 42.
3. The municipality identified non-current assets held for sale with a carrying amount of R7 140. The non-current assets were transferred to Non-Current Assets held for sale. Refer note 12.
4. All assets were tested for impairment during the year. Community assets and other assets was impaired with R29 454 and R2 482 054 prospectively..
5. Asset categories were reviewed during the year and this resulted in the assets carrying value moving over to the new asset categories. This resulted in a Prior Period Error. Refer note 42.
6. All infrastructure items were reviewed and unbundled during the 2010 year. A few assets were not accounted for in the initial unbundling of infrastructure assets. This resulted in a a Prior Period Error. Refer note 42.
7. The municipality obtained a loan from Nedbank. The original loan amount was R21 400 000. The loan agreement stated that the assets purchased by way of this loan must be ceded to Nedbank until the loan has been repaid. The balance outstanding on the loan as at 30 June 2011 is R10 696 085 and the carrying value of the assets purchased by way of this loan is R14 038 389 as at 30 June 2011. Refer to note 13.

Borrowing costs capitalised

Capital work in progress	281 336	861 686
--------------------------	---------	---------

Capitalisation rates used during the year were the prime lending rate as determined by the Reserve Bank.

Assets subject to finance lease (Net carrying amount)

Leased Assets	1 520 655	1 867
---------------	-----------	-------

Other Information

Property, plant and equipment (Carrying amount)

Property, plant and equipment carried at cost	2 046 629 024	2 011 606 978
---	---------------	---------------

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

11. Intangible assets

	2011			2010		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, Externally Generated	5 068 047	(3 592 251)	1 475 796	4 504 757	(2 830 175)	1 674 582

Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 674 582	562 092	(762 078)	1 475 796

Reconciliation of intangible assets - 2010

Saldanha Bay Municipality

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11. Intangible assets (continued)

	Opening balance	Additions	Disposals	Transfers	Amortisation	Total
Computer software, other	984 443	347 915	(9 798)	789 478	(437 456)	1 674 582

Other information

Intangible assets have finite lives. The estimated remaining useful life is reviewed at each reporting period.

12. Discontinued operations or disposal groups or non-current assets held for sale

The municipality will dispose certain assets after year end. The assets were identified and written down to net realisable value. The cost of assets to be disposed after year end is R62 992 and the accumulated depreciation is R55 852. The net book value of assets held for sale is R7 140.

13. Other financial liabilities

Held at amortised cost

Other Financial Liabilities	77 672 426	68 504 313
Other financial liabilities - Current Portion	10 489 260	10 177 831
	<u>88 161 686</u>	<u>78 682 144</u>

Refer to Appendix A for a detailed breakdown of the External Loans.

Total current portion of Other Financial Liabilities of R10 489 260 (2010: R10 177 831) are cash backed.

The municipality obtained a loan from Nedbank. The original loan amount was R21 400 000. The loan agreement stated that the assets purchased by way of this loan must be ceded to Nedbank until the loan has been repaid. The balance outstanding on the loan as at 30 June 2011 is R10 696 085 and the carrying value of the assets purchased by way of this loan is R14 038 389 as at 30 June 2011. Refer to note 10.

Non-current liabilities

At amortised cost	77 672 426	68 504 313
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Current liabilities

At amortised cost	10 489 260	10 177 831
	<u>88 161 686</u>	<u>78 682 144</u>

Fair value of the financial liabilities carried at amortised cost

Loans and Receivables	88 161 686	78 682 144
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The fair values of the financial liabilities has been determined by using the face values as determined by the different institutions and the balance shown is the face value of the outstanding capital.

The institutions have external credit ratings.

14. Finance lease obligation

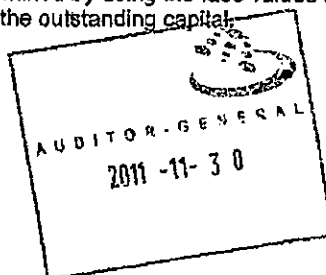
Minimum lease payments due

- within one year including finance charges
- in second to fifth year including finance charges

less: future finance charges

Present value of minimum lease payments

405 304	3 409
1 552 577	284
1 957 881	3 693
(374 980)	(456)
<u>1 582 901</u>	<u>3 237</u>



Saldanha Bay Municipality

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14. Finance lease obligation (continued)		
Present value of minimum lease payments due		
- within one year excluding finance charges	273 933	2 992
- in second to fifth year excluding finance charges	1 308 968	245
	1 582 901	3 237
Non-current liabilities	1 308 968	245
Current liabilities	273 933	2 992
	1 582 901	3 237

The average lease term was 5 - 6 years.

Interest rates are linked to the prime interest rate at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 10.

15. Operating lease accrual

This amounts originated from smoothing future rental expenses. In the future the municipality will pay this amount more.

16. Trade and other payables from exchange transactions

Trade payables	46 756 442	37 542 829
Debtors received in advance	3 483 397	4 308 587
Other payables	1 252 041	912 974
Accrued leave pay	7 739 835	7 467 585
Accrued bonus	4 992 464	4 505 029
Long Service Awards	605 184	600 757
VAT on housing debtors	128 984	138 398
Provision for bad debt re VAT on housing debtors	(128 984)	(138 398)
Rounding Difference	-	1
Deposits Received	46 099	76 063
	64 875 462	55 413 805

Fair value of trade and other payables

Trade payables	46 756 442	37 542 829
Other Payables	18 119 020	17 870 976
	64 875 462	55 413 805

The fair value of the financial liability was determined by accepting the face values of the outstanding capital.

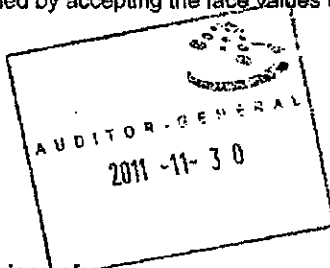
17. Consumer deposits

Electricity	6 602 972	6 008 239
Water	4 421 733	4 186 730
	11 024 705	10 194 969

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Various unspent conditional grants	20 172 840	5 878 609



Saldanha Bay Municipality

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18. Unspent conditional grants and receipts (continued)

All unspent conditional grants are ring fenced in short-term call deposits until utilised.

Refer to Appendix I for a detailed breakdown of all unspent conditional grants.

19. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The valuation was performed by K Schumann from Old Mutual Actuaries Consulting (Pty) Ltd. Old Mutual Actuaries Consulting (Pty) Ltd is not connected to the municipality. The full actuarial valuation report are available on request.

The Post retirement medical aid plan consists of the Bonitas, Hosmed, Key Health, LA Health, Pro Sano and Samwumed medical aid funds.

The total in-service employees belonging to Medical Scheme as at 30 June 2011 were 306 and the total continuation employees receiving the medical aid benefit as at 30 June 2011 were 79.

The method of funding prescribed by IAS 19 is called the "Projected Unit Method". Under this method the accrued service liabilities are determined by projecting all future payments which will be made by the employer in respect of benefits accrued up to the Valuation Date. Assumptions are made in respect of, inter-alia, medical scheme contribution increases, withdrawals, deaths and ill-health, early and normal retirements. These payments are discounted at the valuation rate of discount to determine the present value of the liabilities at the Valuation Date.

Saldanha Bay Municipality employees and their dependants are currently entitled to a subsidy of 70% of the required medical scheme contributions after they retire or the employee dies. In-service members are entitled to a subsidy of 60% of the contribution payable. The cost of this subsidy is currently met from annual revenue earned by the municipality. No reserves have therefore been established in order to meet these costs.

Accounting standard IAS19 (AC116) states that all employment costs must be funded during a person's working lifetime. This not only ensures that the organization reflects the true cost of performing its tasks, but also provides employees with more security since funds are set aside to meet these costs.

The results presented in this report depend heavily on certain actuarial assumptions. The most important of these are the following:

Real rate of return

The differential between the assumed rate of discount and the escalation in future medical scheme contributions is the most important relationship. In calculating the liability we have assumed a differential of 1.50% (a discount rate of 8.70% and 7.20% for medical scheme contribution increases). A smaller differential would result in greater liabilities than those shown in this report and visa versa.

Maintenance of the current contribution tables and current cross-subsidisation inherent in these rates

The current Medical Scheme contribution tables can legally only differentiate contributions on the basis of income and number of dependants, though differences in age are the primary driver of medical scheme costs.

Any changes in the underlying structure of the membership of schemes, especially an increase in the age profile, could therefore have a marked impact on the contribution tables.

The amounts recognised in the statement of financial position are as follows:

Present value of the defined benefit obligation

Present value of the defined benefit obligation

AUDITOR-GENERAL (56 719 000) (50 574 205)
2011 -11- 30

Saldanha Bay Municipality

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19. Employee benefit obligations (continued)		
Non-current liabilities	(56 389 000)	(49 875 205)
Current liabilities	(330 000)	(699 000)
	<u>(56 719 000)</u>	<u>(50 574 205)</u>

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(50 574 205)	(43 364 000)
Benefits paid	1 960 000	1 476 000
Net expense recognised in the statement of financial performance	<u>(8 110 000)</u>	<u>(8 686 205)</u>
	<u>(56 724 205)</u>	<u>(50 574 205)</u>

Net expense recognised in the statement of financial performance

Current service cost	(2 290 000)	(2 175 000)
Interest cost	(4 570 000)	(3 581 000)
Actuarial (gains) losses	<u>(1 250 000)</u>	<u>(2 930 205)</u>
	<u>(8 110 000)</u>	<u>(8 686 205)</u>

Key assumptions used

Assumptions used on last valuation on Thursday, June 30, 2011.

Discount rates used	8.70 %	9.20 %
Long-term expected medical inflation rate	7.20 %	7.22 %
Discount rate less medical inflation	1.50 %	1.85 %

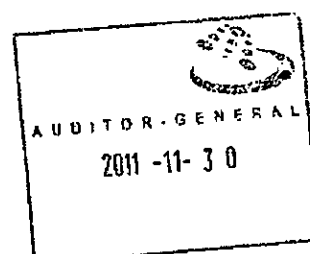
IAS 19 specifies that the assumptions made should represent the employer's prudent best estimates of the variables that will determine the ultimate cost of the benefit. The following assumptions are generally required:

- mortality during and after employment;
- rates of employers turnover, disability and early retirement;
- details of future dependents of members who are eligible for benefits;
- the discount rate;
- future salary, contribution and/or benefit levels;
- expected rate of return on separate assets.

In determining future benefits levels consideration must be given to whether only the expected future contribution levels, which may involve various cross-subsidies between various groups of members, should be projected, or whether the actual underlying claims of post retirement members should be considered. as per the previous valuation, no allowance has being made for the following:

- The actual cost of medical aid claim by employees and pensioners from medical aid;
- The effect of material change in the average age of members of the medical aids; or
- The effect of any change by the medical aid member, due to their changing needs as they get older or for any other reason, from one medical aid option to another, or from one medical aid to another.

No allowance is made for any inherent cross-subsidies between in-service employees and pensioners in the actual cost of medical claims be each of these groups.



Saldanha Bay Municipality

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19. Employee benefit obligations (continued)

The various assumptions made are set out below:

Discount rate

The discount rate reflects the time value of money. The discount rate together with the assumed rate of medical scheme contribution inflation has the largest effect on the value of the benefit calculated. The relative level of these assumptions with regard to each other is therefore much more important than their absolute values.

The absolute values are chosen with regard to the long-term nature of the liability and IAS 19 specifies that it must be derived from the market yields of government bonds with corresponding terms and currency as at the statement of financial position date.

We employed a discount rate of 8.70%. This rate was deducted from the yield curve obtained from the Bond Exchange of South Africa after the market closed on 30 June 2011. The rate does not reflect any adjustment for taxation.

Withdrawals

Allowance was made for the withdrawals of existing members. The withdrawal rates applicable to the municipality Employee Pension Fund were used for this purpose. I am satisfied that these assumptions are reasonable since they reflect low turnover of staff. No benefit is paid on withdrawal and using withdrawal rates therefore results in a lower liability than would otherwise have been required.

The rates of withdrawal are shown in Table 1

New Entrants

No allowance was made for future new entrants.

Ill-health

We have assumed that members will retire at their retirement ages shown below (as per Table 1). Prior to those ages we have allowed for ill-health retirement at the rates assumed in the most recent Municipality Employee Pension Fund valuation.

Mortality

Before normal retirement

We have used the rates used in the 28 February 2005 valuation report of the Municipality Employee Pension Fund. The rates assumed are shown in Table 1 at the end of this Appendix.

After retirement

The PA (90) ultimate tables for males and females rated down by 2 years, as per the 28 February 2005 Municipality Employee Pension Fund valuation report, were used for mortality after early or normal retirement.

For ill-health retirement, mortality is loaded to allow for impaired mortality by assuming the member experiences mortality of someone 5 years older than his actual age, with a maximum assumed age of 65. For example, if a member retires on ill health at age 30, we have assumed he/she will experience mortality from then on of someone 5 years older than him/herself. If ill-health retirement takes place at age 63, we have assumed that he/she will experience mortality of someone 2 years older i.e. $65 - 63 = 2$.

Retirement age

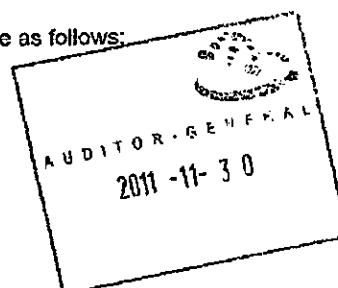
A normal retirement age of 65 for both males and females was used. Active members who were above normal retirement age were assumed to retire immediately.

Dependants assumptions

Proportion married

We assumed that the proportion of employees married at each age would be as follows:

Age	% married
20	10
25	50
30	75
35	85
40	90
45	93



Saldanha Bay Municipality

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19. Employee benefit obligations (continued)

50	95
55	95
60	95
65	95

Age of spouses

For married couples we have assumed that the males would be 4 years older than the females. These age differences are assumed to apply at all ages of the member.

Continuation membership

We assumed that 95% of employees will continue their medical scheme membership after retirement, and that 95% of spouses will continue after the death of a member in service of after retirement.

TABLE 1

DEMOGRAPHIC ASSUMPTIONS						
Age	Pre-Retirement Mortality Rates		Rate of Withdrawal		Rates of Ill-health and Early retirement	
	Males	Females	Males	Females	Males	Females
20	1.27%	0.21%	13.10%	9.40%	0.00%	0.00%
25	1.27%	0.22%	9.40%	7.50%	0.00%	0.00%
30	1.27%	0.24%	5.60%	5.60%	0.05%	0.05%
35	1.27%	0.30%	3.80%	3.80%	0.10%	0.10%
40	1.27%	0.44%	2.60%	1.90%	0.15%	0.15%
45	1.27%	0.72%	1.50%	1.30%	0.20%	0.20%
50	1.69%	1.18%	0.80%	0.80%	0.30%	0.30%
55	2.09%	1.87%	0.80%	0.80%	0.60%	0.60%
60	3.25%	2.90%	0.00%	0.00%	2.50%	2.50%
65	3.25%	2.90%	0.00%	0.00%	0.00%	0.00%

A further key assumption is that the current medical scheme contribution rates will not change fundamentally over time (i.e. that the only impact on contributions will really be medical inflation).

20. Provisions

Reconciliation of provisions - 2011

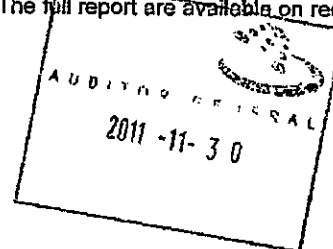
	Opening Balance	Additions	Total
Environmental rehabilitation	46 374 484	2 318 724	48 693 208

Reconciliation of provisions - 2010

	Opening Balance	Additions	Total
Environmental rehabilitation	20 600 000	25 774 484	46 374 484

The estimation of the current liability to rehabilitate the Landfill Site were performed by Jan Palm Consulting Engineering CC. Jan Palm Consulting Engineering CC are not connected to the municipality. The full report are available on request.

The amount is made up out of two sites, Langebaan and Vredenburg.



Saldanha Bay Municipality

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20. Provisions (continued)

Environmental rehabilitation provision

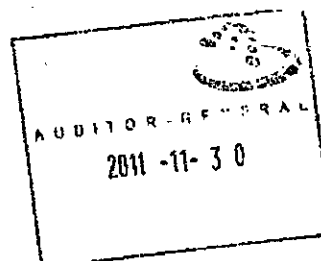
The sites under consideration are Vredenburg Landfill and Langebaan Landfill. These sites are both still operational and receive general waste, garden waste and builder's rubble.

In order to determine the rehabilitation costs for each site the Minimum Requirements (2nd Edition, 1998) from the Department of Water Affairs and Forestry (DWAF) were used as guideline for the design of the capping layer as well as the capacity of the storm water drainage system. Vredenburg's classification is G:M:B- where the "G" classification refers to the type of waste that may be received at the site, which in this case is "general waste". General waste is the description given to all domestic waste and all wastes generated from commercial, business and industrial activities that are not hazardous or toxic. Pharmaceutical and medical wastes are also not part of general waste. The "M" classification refers to a volume of waste disposed of between 150 and 500 ton per day and the "B-" indicates that the site has more evaporation than rainfall during 20% or more of its wet season. According to the Minimum requirements there is no need for a leachate management system in B- sites. Langebaan's classification is G:S:B- where the "S" classification refers to a volume of waste disposed of between 25 and 150 ton per day.

For Langebaan Landfill the cost estimate was based on the assumption that the site will be approximately shaped towards the final design by using waste. It was also assumed that the 200mm thick cover material could be sourced from nearby areas.

For this site the cost estimate is based on the assumption that the site will be approximately shaped towards the final design by using waste. For the cost estimate we have assumed that there will not be sufficient clayey material for the 2 x 150mm thick capping layers and as a result this was replaced with a geosynthetic clay layer (GCL) with a 300mm thick confining layer of selected material, covered with a 200mm topsoil growth layer.

It is difficult to determine the remaining site life for the two landfills since we do not have a latest topographical survey. These landfills need to be surveyed for us to do a life expectancy calculation. As a result it is also difficult to determine the amount and timing of outflows of economic benefits or service potential.



Saldanha Bay Municipality

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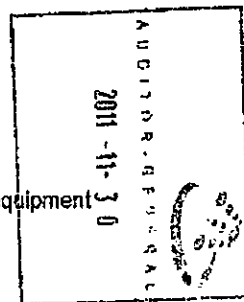
21. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2011

	Capital replacement reserve	Government grant reserve	Insurance reserve	Housing development fund	Total
Opening balance	191 736 142	104 754 047	2 128 790	31 077 525	329 696 504
Offsetting of depreciation	-	(2 756 838)	-	-	(2 756 838)
Transfer to capital replacement reserve	54 371 527	-	-	-	54 371 527
Property, plant and equipment purchased	(60 317 039)	-	-	-	(60 317 039)
Insurance claims processed	-	-	(102 005)	-	(102 005)
Capital grants used to purchase property, plant and equipment	-	34 353 897	-	-	34 353 897
Housing Transactions	-	-	-	(4 555 294)	(4 555 294)
Interest On Housing Development Fund	-	-	-	1 989 173	1 989 173
Zero value items and writing off reserve to accumulated surplus	-	(138 351 106)	-	-	(138 351 106)
	185 790 630	-	2 026 785	28 511 404	216 328 819

Ring-fenced internal funds and reserves within accumulated surplus - 2010

	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Insurance reserve	Housing development fund	Total
Opening balance	168 359 981	15 275 160	97 978 700	2 246 267	30 973 785	314 833 893
Offsetting of depreciation	-	(34 446 871)	(5 164 580)	-	-	(39 611 451)
Transfer to capital replacement reserve	57 589 332	-	-	-	-	57 589 332
Property, plant and equipment purchased	(34 213 171)	-	-	-	-	(34 213 171)
Insurance claims processed	-	-	-	(117 477)	-	(117 477)
Capital grants used to purchase property, plant and equipment	-	-	11 939 927	-	-	11 939 927
Transfer to/from Housing Fund	-	-	-	-	103 740	103 740
Transfer to accumulated surplus	-	19 171 711	-	-	-	19 171 711
	191 736 142	-	104 754 047	2 128 790	31 077 525	329 696 504



Internal reserves are ringfenced within accumulated surplus.

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22. Housing development fund		
Unappropriate surplus	28 511 405	31 077 527
The housing development fund is represented by the following assets and liabilities		
Bank and cash	28 491 524	31 056 644
Other Debtors	19 881	20 883
Assets	28 511 405	31 077 527

The cash balance relating to the Housing Development Fund is not invested in a separate bank account. The cash balance of R28 491 524 is included in the Short Term Call Deposits, included under Cash and Cash Equivalents, with a balance of R360 000 000.

The Housing Development Fund is cash backed.

23. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2011

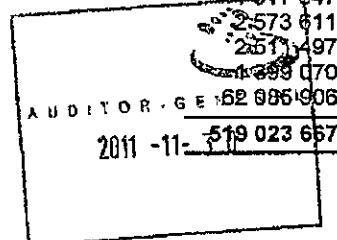
	Financial liabilities at amortised cost	Total
Other financial liabilities	(88 161 686)	(88 161 686)
Finance Lease Obligation	(1 582 901)	(1 582 901)
Trade and Other Payables	(64 997 673)	(64 997 673)
	(154 742 260)	(154 742 260)

2010

	Financial liabilities at amortised cost	Total
Other financial liabilities	(78 682 144)	(78 682 144)
Finance Lease Obligation	(3 237)	(3 237)
Trade and Other Payable	(55 536 016)	(55 536 016)
	(134 221 397)	(134 221 397)

24. Revenue

Property rates	106 499 256	105 189 487
Property rates – Penalties imposed and collection charges	4 556 368	4 361 628
Service charges	327 932 701	270 729 465
Rental of facilities & equipment	9 547 611	9 182 102
Interest received – trading	1 017 647	1 715 768
Income from agency services	2 573 611	2 397 226
Fines	2 511 497	2 847 757
Licences and permits	1 699 070	1 364 268
Government grants & subsidies	62 086 906	46 199 024
	519 023 657	443 986 725



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

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24. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	327 932 701	270 729 465
Rental of facilities & equipment	9 547 611	9 182 102
Interest received – trading	1 917 647	1 715 768
Income from agency services	2 573 611	2 397 228
Licences and permits	1 399 070	1 364 268
	343 370 640	285 388 829

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	106 499 256	105 189 487
Property rates – Penalties imposed and collection charges	4 556 368	4 361 628
Fines	2 511 497	2 847 757
Transfer revenue		
Government Grants	62 085 906	46 199 024
	175 663 027	158 597 896

25. Property Rates

Rates received

Property Rates	118 362 813	113 264 155
Building Clauses Levy	57 837	55 855
Less: Income forgone	(11 921 394)	(8 130 523)
	106 499 256	105 189 487
Property rates - penalties imposed and collection charges	4 556 368	4 361 628
	111 055 624	109 551 115

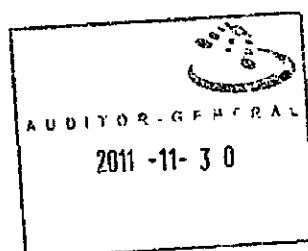
General Valuation Roll

Residential	16 898 056 728	16 328 460 170
Commercial	2 931 138 747	3 108 871 787
State	776 571 870	761 934 650
Municipal	66 119 900	232 663 730
Small holdings and farms	2 019 180 630	1 971 128 600
Other	584 369 740	337 122 660
	23 275 437 615	22 740 181 597

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of 1 (2010: 1) is applied to property valuations to determine assessment rates.

Rates are levied on an annual or monthly basis. Interest at prime plus 1% per annum (2010: 1%) is levied on rates outstanding after the due date for payment.

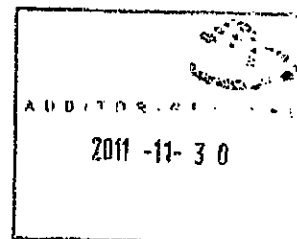


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
26. Service charges		
Sale of electricity	144 284 841	108 276 876
Sale of water	70 029 363	63 893 295
Sewerage and sanitation charges	10 235 448	10 279 312
Refuse removal	29 331 757	27 083 067
Other service charges	74 051 292	61 196 915
	<u>327 932 701</u>	<u>270 729 465</u>
27. Rental of facilities and equipment		
Premises		
Premises	<u>9 547 611</u>	<u>9 182 102</u>
28. Government grants and subsidies		
Equitable Share	26 840 351	21 342 612
Subsidy: Housing Fund	-	375 978
Government Grant - Capital Contributions	34 794 956	22 784 831
Contribution: Western Cape Cleanup Operations	-	(4 023)
Government grant (operating) 6	-	1 065 617
Cleanup of Stands	(595)	-
Skill Development Program SETA	335 743	512 769
Other Subsidies	-	20 000
Subsidies: Main Roads	87 254	81 753
Bursaries	28 197	19 487
	<u>62 085 906</u>	<u>46 199 024</u>
29. Other revenue		
Contribution to bad Debt Ex Housing Development Fund	388 969	(216 405)
Discount Received from Creditors	722 119	500 678
Building Plan Fees	1 706 292	499 082
Sundry Income	3 789 984	4 765 098
	<u>6 607 364</u>	<u>5 548 453</u>
30. Interest earned - Bank and Call Deposits		
Interest revenue		
Cash and Cash Equivalents	<u>27 546 018</u>	<u>28 290 646</u>

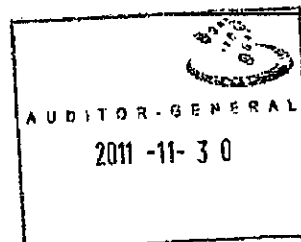


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
31. Employee related costs		
Basic	89 086 970	75 763 030
Bonus	7 743 735	6 577 054
Medical aid - company contributions	4 671 642	4 325 565
UIF	956 957	790 808
WCA	996 073	878 797
Transport of Furniture	59 044	28 711
Increase in Liability for Leave	966 630	2 222 482
Leave Payments	4 957	-
Group Life - company contributions	2 387 045	1 959 619
Pension - company contributions	15 316 025	12 941 577
Cell Phone allowance	26 205	22 424
Uniforms/Protective clothing	966 174	775 533
Motor car allowance	1 928 101	2 482 757
Overtime payments	8 248 577	6 831 665
Reimbursed travel expenses	23 000	34 500
Housing benefits and allowances	638 995	697 583
Employment costs	56 536	69 407
Standby allowances	3 710 931	2 687 453
Tool allowance	720	720
	137 788 317	119 089 685
Remuneration of Municipal Manager		
Annual Remuneration	875 999	845 941
Car Allowance	219 000	180 000
Contributions to UIF, Medical and Pension Funds	188 941	157 693
Housing Subsidy	14 803	24 569
Telephone Allowance	8 800	-
	1 307 543	1 208 203
Remuneration of Chief Finance Officer (Acting)		
Annual Remuneration	227 629	204 844
Car Allowance	98 586	92 220
Bonus and Long Service Bonus	44 433	16 823
Contributions to UIF, Medical and Pension Funds	74 633	66 202
Acting Allowance	260 093	131 684
	705 374	511 773
Remuneration of Chief Finance Officer (Suspended)		
Annual Remuneration	-	301 549
Car Allowance	-	130 289
Performance Bonuses	-	24 765
Contributions to UIF, Medical and Pension Funds	-	85 995
Housing Subsidy	-	6 464
Acting Allowance	-	35 129
	-	584 191
Remuneration of Director Technical Services (Suspended)		

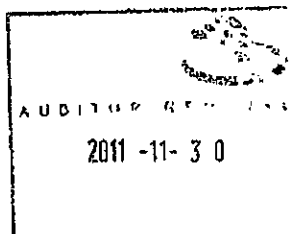


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
31. Employee related costs (continued)		
Annual Remuneration	418 123	311 838
Car Allowance	105 000	75 000
Contributions to UIF, Medical and Pension Funds	117 909	84 857
Housing Subsidy	14 518	134 340
	655 550	606 035
Remuneration of Director Corporate Services		
Annual Remuneration	450 449	421 115
Car Allowance	114 000	102 000
Contributions to UIF, Medical and Pension Funds	104 913	93 998
Housing Subsidy	32 760	35 241
	702 122	652 354
Remuneration of Director Technical Services (Acting)		
Annual Remuneration	338 195	252 599
Car Allowance	138 628	187 505
Performance Bonuses	52 763	30 368
Contributions to UIF, Medical and Pension Funds	101 937	106 978
Acting Allowance	120 004	77 654
Housing Subsidy	5 790	6 398
	757 317	661 502
Remuneration of Director Community Service		
Annual Remuneration	614 727	371 164
Car Allowance	131 333	90 000
Contributions to UIF, Medical and Pension Funds	140 248	101 356
Housing Subsidy	19 384	20 205
Acting allowance	38 317	-
	943 989	582 725
Summary of Employee Related Costs		
Salaries, Wages and Contributions	137 788 317	120 259 412
Remuneration of Municipal Manager	1 307 543	1 208 203
Remuneration of Chief Financial Officer (suspended)	-	584 191
Remuneration of Chief Financial Officer (acting)	705 374	511 773
Director of Corporate Services	702 122	652 354
Director Technical Services (suspended)	655 550	661 502
Director Technical Services (acting)	757 317	606 035
Director Community Services	943 989	582 725
	142 860 212	125 066 195
32. Remuneration of councillors		
Executive Mayor	615 412	572 108
Deputy Executive Mayor	484 103	461 105
Mayoral Committee Members	1 774 296	1 244 653
Speaker	481 891	453 420
Councillors	2 732 365	3 024 596
	6 088 067	5 755 882

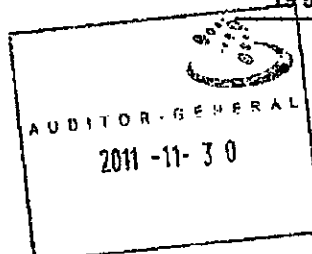


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
33. Depreciation		
Property, plant and equipment	73 708 917	75 107 646
34. Finance costs		
Non-current borrowings	7 567 981	6 677 035
Trade and other payables	972 276	-
Finance leases	24 645	10 726
Capitalised	(281 336)	(704 717)
Other interest	(2 984)	24 887
	8 280 582	6 007 931
Capitalisation rates used during the period were the prime lending rate as determined by the Reserve Bank.		
35. Debtors impairment		
Contributions to debt impairment provision	9 520 914	4 880 053
Bad debts written off	1 515 171	-
	11 036 085	4 880 053
36. Bulk purchases		
Electricity	108 254 743	80 504 368
Water	39 369 643	35 678 447
	147 624 386	116 182 815
37. Grants and subsidies paid		
Other subsidies		
Pauper Burials	18 773	12 779
Bursaries	292 561	272 961
Western Cape Cleanup Operation	-	137 776
Youth Development	-	70
LED Cultural Village	45 152	54 198
Levy: Skills Development	1 651 510	1 044 282
Subsidy: Preferred Scheme Housing	(7 381)	352 196
Equitable share	16 136 911	11 665 923
Contribution: Finance Management	1 000 058	621 257
CDW Programme (WCDM)	32 586	52 720
Consumer Education	123 845	200 495
Library	12 104	1 455
International Relationship	-	19 513
MSIG	252 556	633 820
Western Cape Fanjol 2010	2 080	160 740
	19 560 755	15 230 185

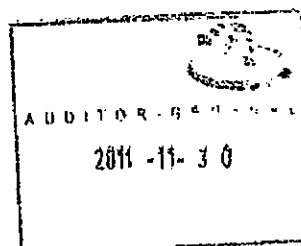


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
38. General expenses		
Advertising	848 458	493 524
Assessment rates & municipal charges	4 338 257	1 936 476
Auditors remuneration	3 041 885	2 423 114
Bank charges	1 228 384	1 181 617
Cleaning of yards	117 486	-
Commission paid	-	315 808
Consulting and professional fees	7 497 220	5 767 859
Delivery expenses	-	58
Entertainment	459 934	400 683
Animal Costs	19 384	28 732
Gifts	16 575	5 109
Insurance	1 271 980	758 651
Community development and training	6 173	-
Conferences and seminars	195 976	179 189
IT expenses	8 268	6 123
Lease rentals on operating lease	2 708 700	1 967 084
License fees	500 511	648 652
Magazines, books and periodicals	38 994	11 711
Fuel and oil	8 057 043	6 483 257
Postage and courier	975 741	953 222
Printing and stationery	1 342 611	1 271 439
Security (Guarding of municipal property)	3 707 041	3 326 302
Subscriptions and membership fees	834 138	671 735
Telephone and fax	6 143 174	5 795 652
Transport and freight	19 845	7 796
Training	1 112 807	963 892
Travel - local	878 520	860 089
Refuse	334 252	314 131
Title deed search fees	65 475	33 057
Electricity	9 294 505	7 222 805
Sewerage and waste disposal	262 010	213 012
Water	1 867 353	1 550 116
Operation of Landfill Site	1 277 257	970 921
Other expenses	1 048 992	272 119
Valuation cost	154 234	1 076 401
Other material	1 429 373	1 389 029
Contribution: Post Retirement Benefit	8 110 000	8 686 205
Chemicals	46 447	43 513
Top Structures Written Out	-	25 439
	69 259 003	58 254 520

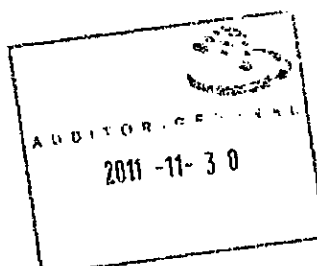


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
39. Cash generated from operations		
Surplus	45 518 400	22 080 963
Adjustments for:		
Depreciation and amortisation	73 708 917	75 107 646
(Loss) gain on sale of assets and liabilities	(641 095)	871 651
Fair value adjustments	(2 210 000)	-
Finance costs - Finance leases	24 645	10 726
Impairment of Landfill Site	2 318 724	25 774 484
Debt impairment	11 036 085	4 880 053
Movements in operating lease assets and accruals	65 033	-
Contribution to post retirement medical aid benefit	6 144 795	7 210 205
Contribution to CRR from operations	4 350 435	8 608 035
Housing Development Fund movement included in operations	(4 555 297)	-
Internal Reserves movements included in operations	-	(1 910 910)
Changes in working capital:		
Inventories	(251 569)	1 736 378
Trade and other receivables from non-exchange transactions	5 239 442	(7 671 545)
Consumer debtors	(18 986 370)	(27 260 455)
Trade and other payables from exchange transactions	9 461 658	3 179 418
VAT	(4 217 624)	2 180 898
Unspent conditional grants and receipts	14 294 231	(5 397 795)
Consumer deposits	829 736	610 296
	142 130 146	110 010 046
40. Commitments		
Authorised capital expenditure		
Already contracted for and provided for		
• Infrastructure Assets	17 665 454	8 990 872
• Other Assets	2 316 692	400 000
	19 982 146	9 390 872
Not yet contracted for and authorised by accounting officer		
• Total capital expenditure	177 017 303	128 309 044
This committed expenditure relates to property, plant and equipment, other and housing development and will be financed by available bank facilities, retained surpluses, mortgage facilities, existing cash resources, funds internally generated, etc.		
Finance leases - as lessee		
Minimum lease payments due		
- within one year	405 304	3 409
- in second to fifth year inclusive	1 552 577	284
	1 957 881	3 693
Operating leases - as lessee		
Minimum lease payments due		
- within one year including finance charges	778 779	651 785
- in second to fifth year including finance charges	-	710 445
	778 779	1 362 230



Operating lease payments represent rentals payable by the municipality for certain of its office properties. No contingent rent is payable.

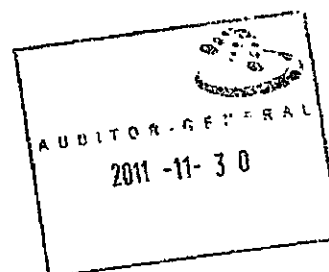
Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
40. Commitments (continued)		
Operating leases – as lessor (income)		
Minimum lease payments due		
- within one year	(545 888)	(670 463)
- in second to fifth year	(939 141)	(856 190)
- later than five years	(247 818)	(209 078)
	<u>(1 732 847)</u>	<u>(1 735 731)</u>

Certain of the municipality's premises are rented out. The municipality has two contracts that generate contingent rent.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

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41. Contingencies

Housing guarantees listed at Financial Institutions:

As at 30 June 2011 the municipality had a housing guarantee list at other Financial Institutions amounting to R10 000. The total housing guarantees, per Financial Institution, is listed below.

ABSA Bank	R10 000
	<u>R10 000</u>

A detail list of the guarantee is available on request.

MORA interest accrued as from 15 February 2010 to 31 August 2011 relating to the Cape Joint Pension Fund:

On 15 February 2010 the municipality received a letter of demand to pay their share of the shortfall of Investment Return [(Rule 17(5))] on the Cape Joint Pension Fund. The municipality received an invoice to pay this shortfall amount of R306 274 on 31 August 2011. This invoice were raised retrospectively to 30 June 2010. The municipality were also charged MORA interest on this same invoice, amounting to R105 033. The municipality is currently negotiating, with the Cape Joint Pension Fund, not to pay this interest amount. The interest amount were not raised yet.

The outcome of this case is not certain yet.

Langebaan Country Estate valuation roll:

During the financial year 30 June 2008 the valuation roll was reviewed. The general valuation roll is for a 4 year period. A supplementary valuation was included because of property improvements. Litigation instituted by the Langebaan Country Estate against the municipality rejecting the increase in property values. Court proceedings are currently underway. This is a possible obligation which will lead to an outflow of resources. The estimated value of the litigation is R300 000.

The outcome of the court proceedings is uncertain.

Langebaan Country Estate development approvals:

During the financial year ending 30 June 2011, new development conditions were imposed by the Town Planning department of the municipality on the link road which was to be built in the Langebaan area. Langebaan country estate opposes the new conditions. The municipality is opposing this litigation. The estimated value of this litigation is R150 000.

Court proceedings are at early stages and are uncertain.

Langebaan Country Estate and Sea Project Association:

During the financial year ending 30 June 2011 Langebaan Country Estate instituted court proceedings against the municipality. The Land and Sea Project is a company representing the adjacent home owners associations that have an interest in the surrounding areas on behalf of the municipality. Certain building conditions were imposed on Langebaan Country Estate which resulted in litigations against the municipality. The estimated value of this litigation is R100 000.

This matter is currently in court and at early stage and is uncertain.

Charisma Beleggings BK:

In terms of its bylaws, the municipality may charge availability fees to developers. During the financial year ending 30 June 2011 claimants/developers that were charged fees in this matter instituted court proceedings on the basis that there were no services available on the land. During the financial year ended 30 June 2011, the claimant, Charisma Beleggings, did not respond to the court process, however this case is subjudice. The estimated value of this litigation is R30 000.

Court date has been postponed to February 2012

Britannia Beach estate:

The municipality revised the capital contributions for developing rights and during the financial year ending 30 June 2011 it increased the contribution scale for capital contributions. Britannia Beach Estate opposed the new scale as the increase was too high and instituted litigation demanding the municipality to reduce it. The potential liability is estimated at R15 000 000 and the estimated value of this legal fees is R1 500 000.

The municipality has petitioned the judge president of Western Cape High Court division for leave to appeal against the judgement in this matter.

Andrew Martin Coetzee (AMC Plant hire):

During the financial year ending 30 June 2011, the applicant took the municipality to court on various administrative law

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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41. Contingencies (continued)

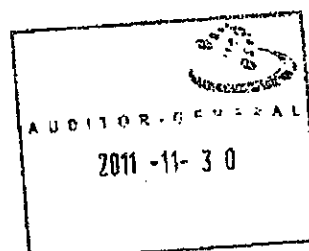
Issues regarding black listed contractors and supply chain regulation non-compliance matters. The matter has been in court for more than two years and is set down for a hearing in June 2012. The municipality has incurred R1 561 295 for legal fees to date. The estimated value of this litigation is R250 000.

The outcome is uncertain.

West Coast Miracles with Britannia Beach Estate:

A developer, West Coast Miracles, opposed the increase in property value which was enforced by Council during the financial year ending 30 June 2011. This resulted in an increase in rates on properties which was unfavourable to the developers who opposed this and appealed to the High Court for the increase to be reduced. Even though the municipality refused to reduce the valuation, the legal costs will still be incurred. The estimated value of this litigation is R500 000.

The matter is uncertain and will only be determined in court during December 2012.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

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42. Prior period errors

Error 1

Infrastructure Assets

Infrastructure assets were unbundled during the 2010 year and restated retrospectively up to 1 July 2007 in order to adhere to the guidelines provided by the Accounting Standards Board and National Treasury. During the unbundling exercise a few assets were omitted due to the large extent of details to be accounted for. The municipality restated these assets retrospectively in order to adhere to the applicable accounting standards. The cumulative effect of the error led to an adjustment of R38 725 439 against the accumulated surplus in prior periods. The increase in cost of R48 624 673 will lead to an increase in depreciation of more or less R1 344 069 in future periods. The increase in cost led to an increase in depreciation of R946 419 in 2010, R1 304 802 in 2009, R1 306 720 in 2008 and R6 342 013 in 2007 and prior periods.

Error 2

Other Assets

Other assets were restated in the year ended 30 June 2010. During the year some errors were found on the restated assets and were rectified retrospectively in order to promote fair presentation. The cumulative effect on other assets were R5 227.

Error 3

Infrastructure Assets

During the year all asset with zero balances were reviewed. This exercise led to accumulated depreciation of R383 793 092 reversed against prior periods. The effect on respective periods depreciation is an increase of R10 557 156 on 30 June 2008, R28 841 362 on 30 June 2009 and 30 June 2010. The effect on future periods is an increase of R28 841 362 in depreciation.

Error 4

During the current year certain asset types changed in category. In order to present these assets fairly the municipality decided to adjust these asset types retrospectively. There were also some errors between cost and accumulated depreciation and these errors were restated retrospectively as well. The effect on accumulated surplus and on future periods is zero.

Error 5

During the year under review we discovered that payments to Provincial Department for registrations, special permits and licenses were incorrectly allocated. As a result of incorrect allocation, commission received from Provincial Government and income from special permits were misstated. We decided to retrospectively restate these amounts in order to rectify revenue and control accounts related to the Provincial Department.

Error 6

The unspent and overspent conditional grants register were reviewed and updated to split between the projects finalised and projects still in progress. The register were proven to be incorrect and same were confirmed with the applicable Provincial Reports. The municipality decided to restate the error retrospectively back to the year ended 30 June 2010. The Unspent Conditional Grants were restated with R1 878 000 and the Unpaid Conditional Grants were restated with R2 402 948.

Error 7

Investment property were incorrectly depreciated in the previous year. The correction resulted in a retrospective adjustment of investment properties to the value of R395.

Error 8

During the year the municipality reviewed the lease register on operating leases as lessor. Some errors were identified and rectified retrospectively in order to adhere to fair presentation. The cumulative error on the income, sundry debtor and operating lease asset is disclosed below.

Error 9

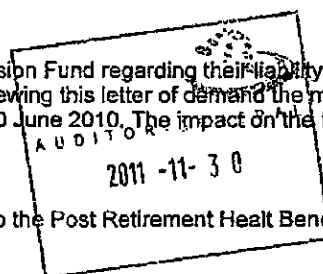
During the year the municipality realised that the prior period split between current and non-current portion relating to Other Financial Liabilities' balances were completely swapped. They decided to rectify this error retrospectively. There will be no impact on the future periods with regard to this error.

Error 10

During the year the municipality received a letter from Cape Joint Pension Fund regarding their liability for the shortfall on the fund earnings. The amount payable amounted to R306 274. After reviewing this letter of demand the municipality realised that this amount had to be provided for in the prior period as it existed at 30 June 2010. The impact on the future period is zero as this is a once off payment.

Error 11

During the year the municipality realised that the contributions made to the Post Retirement Health Benefit were incorrectly



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

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42. Prior period errors (continued)

included in employee related cost, instead of the provision itself. The contributions amounted to R1 476 000. The contribution to the Post Retirement Benefit were also understated with the same amount. The impact on the Statement of Financial Performance for the prior period and future periods is zero.

Error 12

During the year the municipality realised that an asset that should have been disposed of were incorrectly capitalised as interest in the prior period. This resulted in a error that had to be restated retrospectively. The amount is R156 969. The impact on the Statement of Financial Performance for the prior period and future periods is zero.

Error 13

During the year the municipality realised that infrastructure assets were incorrectly included under inventory. This assets were purchased during previous years' and were rectified retrospectively in order to promote fair presentation. The amount to be rectified is R541 030.

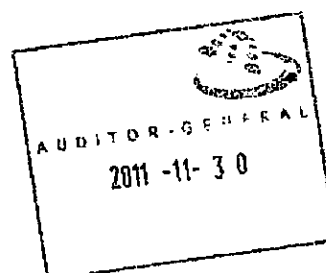
Error 14

During the year under review the municipality reviewed the conditions of all the Fixed Assets. Accumulated depreciation to the amount of R24 259 038 were rolled back on assets. The municipality decided that the effect on the prior periods is material and restated the accumulated depreciation retrospectively. The change in useful life lead to an decrease in depreciation to the amount of R5 430 388 for the year ended 30 June 2010, R5 092 676 for the year ended 30 June 2009, R4 521 470 for the year ended 30 June 2008 and R5 216 001 for the year ended 30 June 2007 and prior. The effect of depreciation on future periods is an decrease of R5 529 324 per year. Refer Note 10.

Error 15

During the year under review penalties and interest to the amount of R122 212 were incorrectly allocated to trade and other payables. This amount relates to the prior year the municipality decided to restate this retrospectively. The effect on the prior period is an increase on revenue to the amount of R122 212. The effect on the future periods is zero.

The correction of the error(s) results in adjustments as follows:

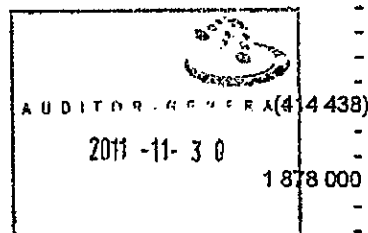


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
42. Prior period errors (continued)		
Statement of financial position and Financial Performance		
Error 1 - Property, Plant and Equipment - Infrastructure @ Cost 30 June 2007	-	19 361 395
Error 1 - Property, Plant and Equipment - Infrastructure @ Acc Depr 30 June 2007	-	(6 342 013)
Error 1 - Accumulated Surplus - 30 June 2007	-	(13 019 382)
Error 1 - Property, Plant and Equipment - Infrastructure @ Cost 30 June 2008	-	29 515 451
Error 1 - Property, Plant and Equipment - Infrastructure @ Acc Depr 30 June 2008	-	(1 306 720)
Error 1 - Accumulated Surplus - 30 June 2008	-	(28 208 731)
Error 1 - Property, Plant and Equipment - Infrastructure @ Acc Depr 30 June 2009	-	(1 304 082)
Error 1 - Accumulated Surplus - 30 June 2009	(39 924 031)	1 304 082
Error 1 - Property, Plant and Equipment - Infrastructure @ Cost 30 June 2010	-	(252 174)
Error 1 - Interest Capitalised - 30 June 2010	-	159 969
Error 1 - Accumulated Surplus - 30 June 2010	252 174	95 205
Error 1 - Property, Plant and Equipment - Infrastructure @ Acc Depr 30 June 2010	-	(946 419)
Error 1 - Depreciation - 30 June 2010	-	946 419
Error 1 - Accumulated Surplus - 30 June 2010	946 419	-
Error 2 - Property, Plant and Equipment - Other @ Cost 30 June 2010	-	(52 271)
Error 2 - Property, Plant and Equipment - Other @ Acc Depr 30 June 2010	-	47 044
Error 2 - Loss on Sale of PPE	-	5 227
Error 2 - Accumulated Surplus - 30 June 2010	5 227	-
Error 3 - Property, Plant and Equipment - Infrastructure @ Acc Depr 30 June 2007	-	455 834 911
Error 3 - Accumulated Surplus - 30 June 2007	-	(455 834 911)
Error 3 - Property, Plant and Equipment - Infrastructure @ Acc Depr 30 June 2008	-	(10 310 536)
Error 3 - Accumulated Surplus - 30 June 2008	-	10 310 536
Error 3 - Property, Plant and Equipment - Infrastructure @ Acc Depr 30 June 2009	-	(28 757 233)
Error 3 - Accumulated Surplus - 30 June 2009	(416 767 142)	28 757 233
Error 3 - Property, Plant and Equipment - Infrastructure @ Acc Depr 30 June 2010	-	(28 774 059)
Error 3 - Depreciation - 30 June 2010	-	28 774 059
Error 3 - Accumulated Surplus - 30 June 2010	28 774 059	-
Error 4 - Property, Plant and Equipment - Leased @ Cost 30 June 2010	-	(29 028)
Error 4 - Property, Plant and Equipment - Leased @ Acc Depr 30 June 2010	-	29 028
Error 4 - Property, Plant and Equipment - Intangibles @ Cost 30 June 2010	-	(9 921)
Error 4 - Property, Plant and Equipment - Intangibles @ Acc Depr 30 June 2010	-	9 921
Error 4 - Property, Plant and Equipment - Land @ Cost 30 June 2010	-	302 286
Error 4 - Property, Plant and Equipment - Buildings @ Cost 30 June 2010	-	4 980 035
Error 4 - Property, Plant and Equipment - Buildings @ Acc Depr 30 June 2010	-	(2 301 911)
Error 4 - Property, Plant and Equipment - Infrastructure @ Cost June 2010	-	189 949
Error 4 - Property, Plant and Equipment - Infrastructure @ Acc Depr 30 June 2010	-	(90 432)
Error 4 - Property, Plant and Equipment - Community @ Cost 30 June 2010	-	(5 580 994)
Error 4 - Property, Plant and Equipment - Community @ Acc Depr 30 June 2010	-	2 392 343
Error 4 - Property, Plant and Equipment - Other @ Cost 30 June 2010	-	128 724
Error 5 - Provincial Road Collections - 30 June 2010	-	408 631
Error 5 - Enatis Control Account - 30 June 2010	-	5 807
Error 5 - Other Income - 30 June 2010	-	(5 807)
Error 5 - Licenses and Permits - 30 June 2010	-	(408 631)
Error 5 - Accumulated Surplus - 30 June 2010	-	-
Error 6 - Unspent Conditional Grants - 30 June 2010	-	(1 878 000)
Error 6 - Revenue from Government Grants - 30 June 2010	-	1 878 000
Error 6 - Accumulated Surplus - 30 June 2010	1 878 000	-
Error 6 - Unpaid Conditional Grants - 30 June 2010	-	2 402 948
Error 6 - Revenue from Government Grants - 30 June 2010	-	(2 402 948)



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

	2011	2010
42. Prior period errors (continued)		
Error 6 - Accumulated Surplus - 30 June 2010	(2 402 948)	-
Error 7 - Investment Property @ Acc Depr	-	395
Error 7 - Depreciation - 30 June 2010	-	(395)
Error 7 - Accumulated Surplus - 30 June 2010	(395)	-
Error 8 - Operating Lease Asset - 30 June 2010	-	104 882
Error 8 - Rental of Facilities and Equipment - 30 June 2010	-	(104 882)
Error 8 - Sundry Debtors - 30 June 2010	-	20 808
Error 8 - Rental of Facilities and Equipment - 30 June 2010	-	(20 808)
Error 8 - Accumulated Surplus 2010	(125 690)	-
Error 9 - Other Financial Liability - Current Portion - 30 June 2010	-	(2 747)
Error 9 - Other Financial Liability - Non-current Portion - 30 June 2010	-	2 747
Error 10 - Trade and Other Payables - 30 June 2010	-	(306 274)
Error 10 - Employee Related Cost - 30 June 2010	-	306 274
Error 10 - Accumulated Surplus - 30 June 2010	306 274	-
Error 11 - Post Retirement Health Benefit - 30 June 2010	-	1 476 000
Error 11 - Employee Related Cost - 30 June 2010	-	(1 476 000)
Error 11 - Post Retirement Health Benefit - 30 June 2010	-	(1 476 000)
Error 11 - Contribution to Post Retirement Medical Aid Benefit - 30 June 2010	-	1 476 000
Error 12 - Loss on Sale - 30 June 2010	-	(156 969)
Error 12 - Interest Capitalised - 30 June 2010	-	156 969
Error 13 - Property, Plant and Equipment - Infrastructure @ Cost - 30 June 2010	-	541 030
Error 13 - Inventory - 30 June 2010	-	(541 030)
Error 14 - Property, Plant and Equipment - Other @ Acc Depr - 30 June 2007	-	5 216 001
Error 14 - Accumulated Surplus - 30 June 2007	-	(5 216 001)
Error 14 - Property, Plant and Equipment - Other @ Acc Depr - 30 June 2008	-	4 521 470
Error 14 - Accumulated Surplus - 30 June 2008	-	(4 521 470)
Error 14 - Property, Plant and Equipment - Other @ Acc Depr - 30 June 2009	-	5 092 676
Error 14 - Accumulated Surplus - 30 June 2009	(14 830 147)	(5 092 676)
Error 14 - Property, Plant and Equipment - Other @ Acc Depr - 30 June 2010	-	5 430 388
Error 14 - Depreciation - 30 June 2010	-	(5 430 388)
Error 14 - Accumulated Surplus - 30 June 2010	(5 430 388)	-
Error 15 - Trade and Other Payables - 30 June 2010	-	122 212
Error 15 - Other Income	-	(122 212)
Error 15 - Accumulated Surplus - 30 June 2010	(122 212)	-



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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43. Comparative figures

Certain comparative figures have changed. The changes is as a result of amounts reclassified or prior period errors.

A detailed reconciliation is available upon request..

44. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2011	2010
Trade and other receivable from non-exchange transactions	27 922 297	33 242 107
Trade and other receivables from exchange transactions	68 573 313	60 623 028
Cash and cash equivalents	445 545 662	407 175 346

45. Events after the reporting date

After year end the municipality inherited a Demarcated Municipal Area from the West Coast District Municipality. The financial impact on the municipality is being investigated.

After year end the municipal manager resigned and were paid an severance package of R1 276 580 in order to compensate for his remaining contract term. This were classified as a non-adjusting event after year end.

The municipality are not aware of any other events, after the reporting date, that might have an impact on the financial statements.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
46. Fruitless and wasteful expenditure		
Opening Balance	212 641	101 877
VAT penalty and interest	54 539	-
Salary payment to EPWP employee	8 750	-
Unauthorised use of council property	-	1 500
Legal fees of councilors for the 2007/08 year	-	30 000
Vending machine purchased	-	26 914
Over-payment to contractor	-	35 000
VAT penalty	-	4 039
Travel allowance paid to municipal officials	-	44 264
Less: Amounts Condoned (Vending machine purchased)	-	(26 914)
Less: Amounts Condoned (VAT penalty)	-	(4 039)
Less: Amounts Condoned (VAT penalty and interest 2011)	(54 539)	-
	221 391	212 641

Unauthorised use of council property:

During the year under review Chippa Security had unauthorised use of council property. This case was referred to Council and it was decided that management of the municipality should recover the amounts in terms of the Municipal Finance Management Act 56 of 2003 section 64 (1) (a) (e) and (f). No monies have been recovered from Chippa Security up to date.

The municipality has given a letter to Chippa Security to state that an amount of R1 500 is owed to the municipality, but no response have been received from Chippa Security yet.

Legal fees paid on behalf of councilors during the 2007/08 financial year:

During the year under review management referred the legal fees paid on behalf of councilors to Council to determine if these fees should be recovered or not. Council decided that the R30 000 paid in legal fees should be recovered in terms of the Municipal Finance Management Act 56 of 2003 section 64 (1) (a) (e) and (f). No monies have been recovered from councilors up to date.

Over-payment to contractor:

During the year under review the municipality over paid a contractor to an amount of R35 000. This over payment were not reported to Council and up to date no process was initiated to recover the R35 000 from the contractor.

Travel allowance paid to municipal officials without proper approval:

During the year under review the municipality paid certain individuals travel allowances without receiving proper approval from the Council. The total amount of the payments made is R44 264.

Council approved the agreements with the officials only in May 2010.

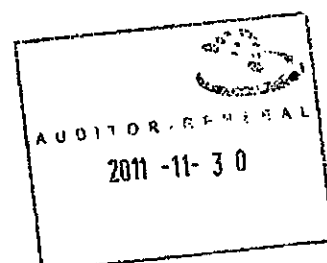
VAT penalty and interest:

During the year under review SARS conducted an VAT input audit at the municipality. The assessment received back on the same audit indicated penalties and interest totalling R54 539 in favour of SARS. The case were reported to Council and written-off.

Salary payment to EPWP employee:

During the year under review a payment of R8 750 was made to a fictitious employee on an EPWP project. The case was referred to the internal audit department to obtain an opinion. The internal audit department indicated that the payment was a fruitless and wasteful payment.

The case was not reported to Council yet.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
47. Irregular expenditure		
Opening balance	57 931 180	709 610
Potential Irregular payments to suppliers	-	51 857 394
Quotations under R2 000	-	27 366
Payments to companies of which the director, manager or stakeholder is a person in service of the state	400 156	1 309 762
Payments to consultants without contracts or deviation orders approved	-	885 911
Capital payments with less than three quotes	-	650 802
Contracts over R200 000 - Advertising	-	383 287
Contracts over R200 000 - Security	-	245 746
Contracts over R200 000 - Entertainment	-	21 000
Contracts over R200 000 - Postage and Courier	-	1 171 525
Contracts over R200 000 - Outstanding Vouchers	-	31 592
Limited Bidding	-	637 185
Less: Amounts Written-off (Contracts under R2 000)	(27 366)	-
Less: Amounts Written-off (Payments to Consultants)	(885 911)	-
Less: Amounts Written-off (Capital payments with less than three quotes)	(201 414)	-
Less: Amounts Written-off (Contracts over R200 000 - Advertising)	(383 287)	-
Less: Amounts Written-off (Contracts over R200 000 - Security)	(245 746)	-
Less: Amounts Written-off (Contracts over R200 000 - Entertainment)	(21 000)	-
Less: Amounts Written-off (Contracts over R200 000 - Postage and Courier)	(1 171 525)	-
Less: Amounts Written-off (Contracts over R200 000 - Outstanding Vouchers)	(31 592)	-
Less: Amounts Written-off (Limited Bidding)	(339 000)	-
Less: Payments to suppliers deemed regular	(29 805 424)	-
	25 219 071	57 931 180

Severance package paid to employee

During the year ended 30 June 2008 due process was not followed before the severance package of an employee was approved and paid. The severance package of R709 610 is considered to be irregular expenditure.

This case has been presented to Council. Council instructed proper investigation should be conducted by the Administration department. This investigation has not been finalised yet and is still unresolved.

Potential Irregular payments to suppliers

During the previous year irregular payments were identified and referred to an external committee for investigation. The investigation was finalised during the current year. Settlement agreements were made with almost all the suppliers involved. The report to write-off the expenditure have been prepared, but not yet presented to Council.

The cumulative Irregular payments identified, for the past seven years, amounted to R51 857 394, made up as follows:

2008 and prior periods: R38 943 013
2009: R8 906 034
2010: R4 008 347

During the year Irregular payments to the amount of R29 805 424 were investigated and found to be regular. The balance of potential Irregular payments is R22 051 970 as at 30 June 2011.

Quotations under R2 000 not complying with the Supply Chain Management Policy

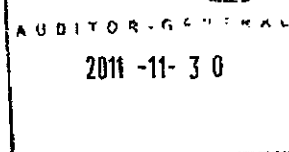
During the previous year the municipality did not adhere to the Supply Chain Management Policy in respect of certain quotations under R2 000. The total amount of these quotations and payments were R27 336.

The Council wrote-off these payments during the year under review.

Payments to Companies of which the director, manager or stakeholder is a person in service of the state

During the year under review the municipality made payments to companies of which the director, manager or stakeholder is a person in service of the state. The interest of same was also not declared in the tender documents. The total amount of these payments were R400 156.

The Council did not write-off any of these payment yet.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

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47. Irregular expenditure (continued)

Payments to consultant without contracts or deviation orders approved

During the previous year the municipality made payments to consultants without having proper contracts or deviations order in place. The total amount of these payments were R885 911.

The Council wrote-off these payments.

Capital purchases with less than three quotes

During the previous year the municipality purchased assets without getting three quotes. The total amount of these payments were R650 802.

The Council wrote-off R201 414 of the payments. An amount of R449 388 has not been written-off yet.

Contracts over R200 000 where the municipality did not adhere to the Supply Chain Management Policy

During the previous year municipality had contracts with suppliers over the value of R200 000 for which the correct Supply Chain Management Policy procedures were not followed. The total amount of irregular expenditure per expense type were as follows:

Advertising	R383 287
Security	R245 746
Entertainment	R21 000
Postage and Courier	R1 171 525
Outstanding Vouchers	R31 592

All the above-mentioned contracts and expenditure were written-off by Council.

Limited Bidding during the Supply Chain process

During the previous year the municipality made payments to suppliers where there were limited bidding. The same payments were not accompanied by approved deviation orders. The total amount of these irregular payments were R637 185.

The Council wrote-off R339 000 of the payments. An amount of R298 185 has not been written-off yet.

Explanation of irregular expenditure written off

Council did not incur any loss due to the irregular expenditure's incurred, however, the expenditure are written off in terms of section 32(2)(b) "In the case of irregular or fruitless and wasteful expenditure, is, after investigation by a council committee, certified by the council as irrecoverable and written off by council."

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee
Amount paid - current year

820 590	669 000
(820 590)	(669 000)
-	-

No amount were outstanding at year end.

South African Music Rights and Skills Development Levies

Current year subscription / fee
Amount paid - current year

1-217 025	1 048 860
(1-217 025)	(1 048 860)
-	-

AUDITOR GENERAL
2011 -11- 3 0

No amounts were outstanding at year end.

Audit fees

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
48. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Current year subscription / fee	3 041 885	2 423 114
Amount paid - current year	(3 041 885)	(2 423 114)
	-	-

No amounts were outstanding at year end.

PAYE and UIF

Current year payroll deductions	15 624 865	13 380 619
Amount paid - current year	(15 624 865)	(13 380 619)
	-	-

No amounts were outstanding at year end.

Pension and Medical Aid Deductions

Current year payroll deductions and Council Contributions	32 887 520	27 771 061
Amount paid - current year	(32 887 520)	(27 771 061)
	-	-

No amounts were outstanding at year end.

VAT

VAT receivable	503 273	-
VAT payable	-	3 714 351
	503 273	3 714 351

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2011:-

30 June 2011	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillors Skei J & R	-	374	374
Councillor De Bruyn GN & LK	1 276	15 194	16 470
Councillor Biko MS	710	470	1 180
Councillor Jordaan PM	1 422	11 686	13 108
	3 408	27 724	31 132

30 June 2010	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillors De Beer JJ & O	-	669	669

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

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48. Additional disclosure in terms of Municipal Finance Management Act (continued)

During the year the following Councilors' had arrear accounts outstanding for more than 90 days.

30 June 2011

	Highest outstanding amount	Aging (in days)
Councillors De Beer JJ&O	3 951	120
Councillor Skei J	372	120
Councillor De Bruyn GN	15 662	120
Councillor Jordaan PM	11 110	120
Councillor Biko MS	407	120
Councillor Koen M	1 973	90
Councillor Mbanze FFB	2 308	120
	35 783	810

30 June 2010

	Highest outstanding amount	Aging (in days)
Councillors De Beer JJ&O	1 603	120
Councillor De Wee JJ	4 919	120
	6 522	240

49. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	88 161 686	78 682 144
Used to finance property, plant and equipment	(88 164 670)	(78 682 144)
	(2 984)	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

50. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E(1) for the comparison of actual operating expenditure versus adjusted budgeted expenditure.

51. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix E(2) for the comparison of actual capital expenditure versus adjusted budgeted expenditure.

52. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

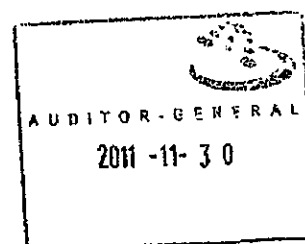
Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

During the financial year under review goods/services totaling R22 335 393 were procured and the process followed in procuring those goods/services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

A detailed list of deviations is available upon request and on the municipality's website.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2011

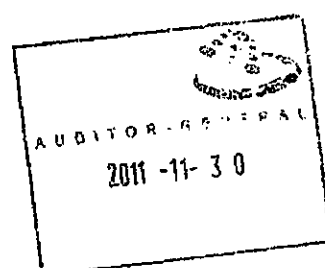


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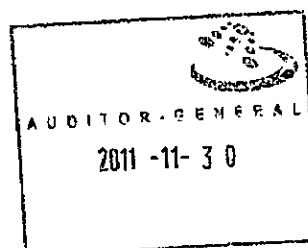
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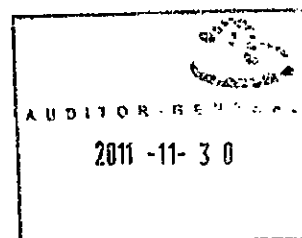
Saldanha Bay Municipality
Statement of Changes in Net Assets
30 June 2011

	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
	R	R
2010		
Balance at 1 July 2007	818,206,086	818,206,086
Prior Period Error re 2008	949,521,306	949,521,306
Restated balance 1 July 2009	1,767,727,392	1,767,727,392
Net surplus/(deficit) for the year	22,080,963	22,080,963
Transfer to CRR (Note 20)	-48,981,294	-48,981,294
Property, plant and equipment purchased (Note 20)	34,213,171	34,213,171
Transferred from Capitalisation Reserve (Note 20)	-19,171,711	-19,171,711
Insurance claims processed (Note 20)	117,477	117,477
Capital grants used to purchase PPE (Note 20)	-11,939,927	-11,939,927
Interest on Housing Development Fund (Note 20)	-2,210,268	-2,210,268
Movement in Internal reserves re 2010 (Note 20)	16,742,598	16,742,598
Offsetting of depreciation (Note 20)	38,468,118	38,468,118
Balance at 30 June 2010	1,797,046,519	1,797,046,519
2011		
Prior Period Error re 2010	471,426,115	471,426,115
Restated balance - 1 Jul 2010	2,268,472,634	2,268,472,634
Net surplus/(deficit) for the year	45,518,400	45,518,400
Transfer to CRR (Note 20)	-50,021,097	-50,021,097
Property, plant and equipment purchased (Note 20)	60,317,039	60,317,039
Insurance claims processed (Note 20)	102,005	102,005
Capital grants used to purchase PPE (Note 20)	-34,353,898	-34,353,898
Interest on Housing Development Fund (Note 20)	-1,989,173	-1,989,173
Write Government Grant Reserve to accumulated surplus	136,351,105	136,351,105
Movement in internal reserves re 2010 (Note 20)	-113,367,685	-113,367,685
Offsetting of depreciation (Note 20)	2,756,838	2,756,838
Balance at 30 June 2011	2,313,786,168	2,313,786,168



Unaudited Appendix A
30 June 2011

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Short-term portion for 30 June 2012
			R	R	R	R	R
Other Financial Liabilities							
Dept. of Water affairs	AA 3701-12-20		144,270	-	22,065	122,205	20,678
Development Bank SA @ 12.534%	Project 13435/1	2014/12/31	958,217	-	212,937	745,280	213,888
Development Bank SA @ 12.534%	Project 13437/1	2014/12/31	1,641,136	-	364,697	1,276,439	366,325
Development Bank SA @ 12.534%	Project 13439/1	2014/12/31	413,466	-	91,881	321,585	92,291
Development Bank SA @ 12.534%	Project 13440/1	2014/12/31	1,401,096	-	311,355	1,089,742	312,744
Development Bank SA @ 12.534%	Project 13441/1	2014/12/31	2,381,520	-	529,227	1,852,293	745,447
Development Bank SA @ 12.95%	Project 100394/1	2013/06/30	2,410,418	-	705,399	1,705,019	531,589
Development Bank SA @ 10.80%	Project 101315/1	2014/06/30	3,166,866	-	671,854	2,495,012	399,142
Development Bank SA @ 9.63%	Project 101783/1	2015/06/30	2,299,545	-	377,877	1,921,668	414,694
Development Bank SA @ 9.36%	Project 102908/1	2018/12/31	6,068,713	-	539,273	5,529,440	590,528
Development Bank SA @ 11.86%	Project 103640/1	2020/06/30	19,256,279	-	1,087,930	18,168,349	1,218,760
Development Bank SA @ 6.75%	Project 103640/1	2020/06/30	6,000,000	-	437,340	5,562,660	467,064
Development Bank SA @ 10.95%	Project 103956/1	2026/06/30	-	20,000,000	-	20,000,000	565,011
Nedbank @ 9.22%	5723	2017/06/30	18,698,396	-	2,022,485	16,675,911	2,209,317
Nedbank @ 8.94%	5725	2011/06/30	1,003,594	-	1,003,594	-	-
Nedbank @ 9.20%	5727	2015/06/30	12,838,628	-	2,142,543	10,696,085	2,341,782
Total annuity loans			78,682,144	20,000,000	10,520,457	88,161,687	10,489,261
Leased Liabilities							
Multid Forwind (Winelands Finance)			3,237	-	2,992	245	245
Telkom			-	1,625,932	43,276	1,582,656	273,688
Total Lease Liability			3,237	1,625,932	46,268	1,582,902	273,933
Total External Loans			78,685,382	21,625,932	10,566,725	89,744,589	10,763,194

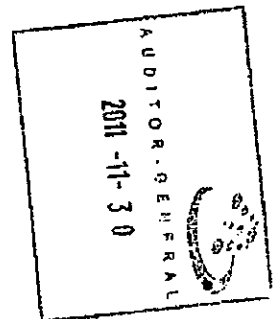


Saldanha Bay Municipality
Unaudited appendix B
30 June 2011

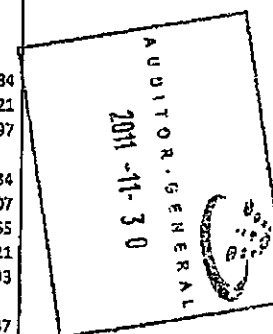
	COST				DEPR			
	Opening Balance (Restated)	WIP Transfers	Additions	Disposals Closing Balance 30/06/2011	Opening Balance (Restated)	Transfers	Additions	Disposals Closing Balance 30/06/2011
INFRASTRUCTURE								
ACCESS CONTROL	-	-	-	-	-	-	-	-
BRIDGES, SUBWAY	-	-	-	-	-	-	-	-
BUS TERMINALS	-	-	-	-	-	-	-	-
ACCESS ROADS &	1,857,309	-	-	-	-	-	-	-
CLEANSING PLANT	694,699	-	-	1,857,309	-974,619	-	-331,134	-1,305,753
SECURITY FENCE	287,917	-	-	694,699	-129,205	-	-43,068	-172,273
STRUCTURES	3,708,850	-	-	287,917	-138,787	-	-39,966	-178,752
CAR PARKS	86,761	-	-	3,708,850	-239,525	-	-75,401	-314,926
DISTRIBUTION BO	10,531,892	-	-0	86,761	-1,387	-	-14,460	-15,847
DISTRIBUTION XI	25,689,078	-	153,970	10,531,892	-1,352,850	-	-225,287	-1,579,137
METER ENCLOSURE	6,573,154	-	-	25,689,078	-9,082,118	-	-519,770	-9,601,889
ELECTRICITY CON	6,397	-	85,254	6,573,154	-2,649,466	-	-132,316	-2,781,783
SECURITY FENCE	1,111,282	-	-	91,651	-2,111	-	-1,381	-3,492
FENCING	676,188	-	-	1,111,282	-669,687	-	-113,147	-782,834
FESTIVE LIGHTS	-	-	176,823	676,188	-92,595	-	-101,741	-194,337
FOOTWAYS	-	-	488,186	176,823	-	-	-6,661	-6,661
HIGH VOLTAGE SU	10,704,200	-	-	488,186	-	-	-67	-67
KERBING	-	-	-	10,704,200	-3,392,638	-	-214,084	-3,606,722
KERBING	115,735,756	-	832,681	-	-54,427,268	-	-2,572,140	-56,999,409
LOAD CONTROL EQ	-	-	-	115,735,756	-	-	-	-
MAINS	7,025,229	4,753,329	387,340	12,165,899	-2,250,864	-	-333,204	-2,584,069
MAINS	70,994,625	-	180,000	71,174,625	-30,579,223	-	-1,187,413	-31,766,635
METERS	0	-	23,290	23,290	-0	-	-198	-198
METERS	-	-	599,698	599,698	-	-	-15,546	-15,546
MVSUB	2,904,761	-	-	2,904,761	-1,080,403	-	-58,333	-1,138,736
PAVING	-	841,039	3,052,663	3,893,702	-	-	-21,110	-21,110
PIPELINES	3,691,420	-	-	3,691,420	-	-	-6,312	-6,312
POWER STATIONS	11,899	206,934	-	218,833	-	-	-198	-198
PUMP STATIONS	-	-	-	-	-33,393,815	-	-2,147,454	-35,541,269
PURIFICATION WO	87,817,668	3,289,617	1,075,112	92,182,397	-35,724	-	-2,552	-38,276
AIRPORTS/RADIO	76,552	-	-	76,552	-190	-	-247	-438
OTHER ROADS	196,071	-	-	196,071	-	-	-	-
RUNWAYS	-	-	-	-	-14,013	-	-70,081	-84,094
SECURITY SYSTEM	251,516	-	264,355	515,872	-1,156,587	-	-524,852	-1,681,439
SECURITY FENCE	2,353,277	-	-	2,353,277	-3,449,757	-	-424,765	-3,874,522
SEWERAGE ELECTR	6,697,079	-	-	6,697,079	-98,974,009	-	-3,957,011	-102,931,020
SEWERS	237,391,368	-	-	238,359,146	-6,328,079	-	-247,831	-6,575,910
SEWER RISING MA	14,869,829	-	-	14,869,829	-	-	-	-
SLUDGE MACHINES	-	-	-	-	-107,573	-	-8,275	-115,848
MECHANICAL EQUI	124,122	-	-	124,122	-4,344,756	-	-300,960	-4,645,716
PUMP STATION ST	15,048,000	-	-	15,048,000	-	-	-	-

	COST					DEPR				
	Opening Balance (Restated)	WIP Transfers	Additions	Disposals	Closing Balance 30/06/2011	Opening Balance (Restated)	Transfers	Additions	Disposals	Closing Balance 30/06/2011
RASTRUCTURE										
IDGE PUMPS	-	-	-	-	-	-	-	-	-	-
VERAGE PUMPS	14,974,297	2,627,640	27,600	-	17,629,537	-8,300,411	-	-1,108,507	-	-9,408,918
EET LIGHTING	8,461,004	-	221,751	-	8,682,754	-3,616,629	-	-192,224	-	-3,808,853
UCT PRIMARY	55,536,976	-	-	-	55,536,976	-25,917,255	-	-1,851,233	-	-27,768,488
EET LIGHT	16,839,755	-	-	-	16,839,755	-2,713,043	-	-374,233	-	-3,087,276
UCT SECOND.	34,587,385	637,652	431,000	-	35,656,037	-16,429,008	-	-866,221	-	-17,295,228
UC SECOND RO	130,240	-	-	-	130,240	-61,854	-	-3,256	-	-65,120
UC TERTIARY	391,531,201	-	-	-	391,531,201	-189,707,839	-	-4,933,786	-	-194,641,625
UC TERTIARY	1,416,074	-	585,542	-	2,001,616	-690,336	-	-18,256	-	-708,592
UC TERTIARY	1,092,256	-	-	-	1,092,256	-532,475	-	-13,653	-	-546,128
STATION EQUI	784,331	-	-	-	784,331	-318,026	-	-31,373	-	-349,399
IF. PRIM ROUT	17,201,441	-	-	-	17,201,441	-5,733,814	-	-2,866,907	-	-8,600,721
PLY/RETICULA	205,042,066	-	14,030	-	205,056,096	-84,562,464	-	-4,324,985	-	-88,887,449
PLY/RETICULA	175,817,231	1,041,180	-	-	177,858,411	-76,148,130	-	-2,945,650	-	-79,093,781
IF SECONDARY	8,765,714	5,241,624	569,108	-	14,576,446	-2,921,905	-	-1,463,514	-	-4,385,419
IF. SECOND. R	240,240	-	91,914	-	332,154	-80,080	-	-40,082	-	-120,162
IF. TERTIARY	78,555,399	-	-	-	78,555,399	-26,185,133	-	-13,092,566	-	-39,277,699
IF. TERTIARY	2,612,080	-	-	-	2,612,080	-870,693	-	-435,347	-	-1,306,040
IF. TERTIARY	797,798	-	-	-	797,798	-265,933	-	-132,966	-	-398,899
EWALKS	5,638,966	-	233,612	-	5,872,577	-2,246,411	-	-161,469	-	-2,407,880
IRMWATER CHAN	34,050,365	754,862	14,546	-	34,819,773	-15,114,464	-	-830,297	-	-15,944,760
IRMWATER CULV	9,007,271	-	-	-	9,007,271	-3,963,194	-	-180,146	-	-4,143,339
IRMWATER DRAI	114,990	-	-	-	114,990	-9,595	-	-6,503	-	-16,098
ITCHGEAR EQUI	44,131,389	-	-	-	44,131,389	-17,356,073	-	-1,222,734	-	-18,578,807
IRMWATER RETI	269,910,572	-	-	-	269,910,572	-120,384,224	-	-5,472,058	-	-125,856,283
ERVOIRS & TA	74,735,952	18,623,624	279,793	-	93,640,369	-33,615,859	-	-1,500,447	-	-35,116,306
IWAYS	-	-	-	-	-	-	-	-	-	-
NSFORMER HIG	3,100,000	-	-	-	3,100,000	-186,170	-	-62,000	-	-248,170
NSFORMER KIO	-	-	-	-	-	-	-	-	-	-
FFIC CALMING	2,024,720	-	279,375	-	2,304,095	-605,629	-	-201,924	-	-807,554
FFIC ISLANDS	-0	-	3,819	-	43,819	-	-	-36	-	-36
FFIC LIGHTS	383,987	-	-	-	383,987	-57,651	-	-19,199	-	-76,850
NSFORMER MAJ	21,832,750	-	-	-	21,832,750	-8,661,143	-	-564,358	-	-9,225,501
NSFORMER MIN	84,696,143	-	-	-	84,696,143	-39,052,743	-	-1,967,349	-	-41,020,092
NSFORMER PRO	7,987,870	-	-	-	7,987,870	-3,606,446	-	-178,582	-	-3,785,028
NSFORMER UNP	1,578,802	-	-	-	1,578,802	-812,229	-	-34,382	-	-846,612
EET NAMES &	2,986,825	22,541	62,910	-	3,072,275	-1,280,028	-	-298,591	-	-1,578,619
URITY FENCE	1,559,472	-	141,765	-	1,701,237	-817,867	-	-306,881	-	-1,124,748
ORINATION EQ	515,736	-	-	-	515,736	-34,382	-	-34,382	-	-68,765
ORINATOR HOU	280,200	-	-	-	280,200	-	-	-11,208	-	-11,208
AP CONTROL PA	3,426,149	-	-	-	3,426,149	-2,096,358	-	-225,332	-	-2,321,691
TER PUMP HOU	3,433,305	-	-	-	3,433,305	-739,876	-	-63,062	-	-802,938
TER PUMP	11,058,210	1,443,902	-	-	12,502,112	-4,565,873	-	-726,067	-	-5,291,939
TER TELEMETRY	1,221,735	-	-	-	1,221,735	-619,555	-	-79,449	-	-699,004
TER CONNECTION	-	3,404	-	-	3,404	-	-	-	-	-
ENTORY	541,030	-	-	-	541,030	-	-	-	-	-
	2,226,729,826	40,121,176	10,650,086	-	2,277,501,087	-955,748,059	-	-62,539,184	-	-1,018,287,244

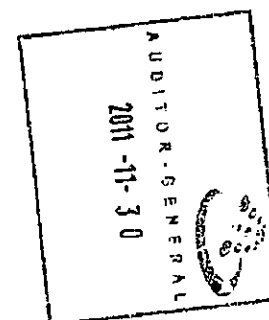
	COST					DEPR				
	Opening Balance (Restated)	WIP Transfers	Additions	Disposals	Closing Balance 30/06/2011	Opening Balance (Restated)	Transfers	Additions	Disposals	Closing Balance 30/06/2011
RASTRUCTURE										
MMUNITY										
ACH DEVELOPME	16,116,835	-	152,107	-	16,268,941	-11,116,743	-	-205,466	-	-11,322,209
WLING GREENS	16,329	-	-	-	16,329	-819	-	-816	-	-1,635
ETERIES	67,669	-	-	-	67,669	-	-	-	-	-
ANNELS - PARK	-	-	81,735	-	81,735	-	-	-16,205	-	-16,205
IGATION - CO	-	92,750	-677,662	-	-584,912	-	-	70,882	-	70,882
MMUNITY CENTR	-	-	-	-	-	0	-	-	-	0
ODLIGHTING	805,396	-	680,798	-	1,486,194	-82,245	-	-42,139	-	-124,383
LF COURSES	536,844	-	-	-	536,844	-394,390	-	-23,264	-	-417,653
ITAGE BUILDI	10,485	-	-	-	10,485	-	-	-	-	-
NICS/HOSPITA	0	-	-	-	0	-	-	-	-	-
ORMAL HOUSIN	452,453	-	-	-	452,453	-174,842	-	-19,598	-	-194,439
LOOR SPORTS	-	-	-	-	-	-	-	-	-	-
IGLE GYM & PA	-	-	480,384	-	480,384	-	-	-9,218	-	-9,218
RARIES	-	-	-	-	-	-	-	-	-	-
INICIPAL BUILD	-	-	-	-	-	-	-	-	-	-
INICIPAL HOUSE	-	-	-	-	-	-	-	-	-	-
TDOOR SPORTS	1,640,337	1,157,884	2,005,072	-	4,803,293	-927,999	-	-47,457	-	-975,456
KS	2,002,008	29,454	759,337	-	2,790,800	-552,031	-	-80,861	-	-632,892
ES & RAILING	-	-	282,522	-	282,522	-	-	-53,376	-	-53,376
ILIC CONVENIE	1,566,758	-	-	-	1,566,758	-954,444	-	-22,296	-	-976,739
REATIION CENT	681,758	-	389,939	-	1,071,697	-73,903	-	-55,325	-	-129,228
IMMING POOLS	2,610,154	-	-	-	2,610,154	-2,180,690	-	-28,061	-	-2,208,751
INIS COURTS	103,148	-	-	-	103,148	-94,541	-	-1,266	-	-95,806
	26,610,173	1,280,089	4,154,233	-	32,044,495	-16,552,644	-	-534,476	-	-17,087,120
HER										
CONDITIONER	541,970	-	563,125	-12,972	1,092,123	-258,438	-	-89,139	6,744	-340,832
DIO EQUIPMENT	201,263	-	9,021	-463	209,821	-88,353	-	-20,803	281	-108,876
CRETE TABLES	-	-	100,454	-	100,454	-	-	-10,608	-	-10,608
OM - DRAWN	1,755,300	-	471,260	-	2,226,560	83,265	-	-243,308	-	-160,043
CH DEVELOPME	-	-	-	-	-	-	-	-	-	-
.K CONTAINERS	3,553,554	-	125,368	-	3,678,922	-2,254,764	-	-193,774	-	-2,448,538
INETS/CUPBOA	1,530,442	-	552,163	-6,469	2,076,136	-832,036	-	-45,299	5,000	-872,335
OPY	-	-	-	-	-	-	-	-	-	-
LAVAN PARKS	417,272	-	-	-	417,272	-375,544	-	-	-	-375,544
IRS	1,419,659	-13,663	192,267	-40,112	1,558,152	-805,620	12,472	-41,838	31,548	-803,438
IPUTER HARDWA	11,046,611	-22,761	1,222,328	-661,699	11,584,478	-6,632,522	22,335	-427,669	554,630	-6,483,226
IPUTER SOFTWA	45,527	-	-	-	45,527	-40,974	-	-	-	-40,974
CRETE BINS	-	-	38,760	-	38,760	-	-	-675	-	-675
LL - CONCRET	8,418	-	-	-	8,418	-4,234	-	66	-	-4,168
IPMENT/APPAR	30,017	-	11,251	-	41,267	-13,503	-	-2,008	-	-15,511
IPMENT/APPAR	456,206	-	21,310	-42,481	435,034	-256,656	-	5,118	31,264	-220,273
CTRICAL EQUI	1,136,337	-	122,517	-65,932	1,192,923	-492,112	-	-100,471	46,696	-545,887



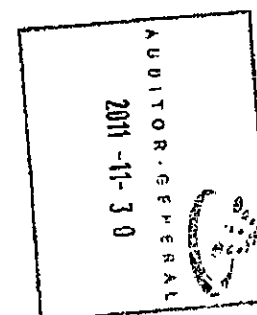
	COST					DEPR				
	Opening Balance (Restated)	WIP Transfers	Additions	Disposals	Closing Balance 30/06/2011	Opening Balance (Restated)	Transfers	Additions	Disposals	Closing Balance 30/06/2011
INFRASTRUCTURE										
MILLING EQUIPME	-	-	-	-	-	-	-	-	-	-
RADIO EQUIPMENT	1,590,025	-	20,155	-171,922	1,438,258	-921,487	-	-88,061	115,581	-893,966
TELECOMMUNICATI	835,567	-	40,165	-21,957	853,775	-410,983	-	-37,697	16,883	-431,797
FARMS	416,536	-	-	-	416,536	-374,882	-	-	-	-374,882
FIRE EQUIPMENT	265,289	-	-	-	265,289	-119,989	-	-12,803	-	-132,792
FIREARMS	21,881	-	-	-2,193	19,688	-14,412	-	-946	1,784	-13,574
GRAVEBOXES	203,927	-	-	-	203,927	-	-	-203,927	-	-203,927
GENERATOR	317,196	-	657,549	-5,262	969,482	-162,504	-	-4,435	3,544	-163,394
GENERAL PLANT	4,138,933	-	1,002,691	-164,789	4,976,835	-2,186,256	-	-466,912	141,571	-2,511,597
HOUSEHOLD REFUS	3,082,820	-	984,540	-215,911	3,851,449	-1,369,287	-	-496,675	190,493	-1,675,468
HOUSING SCHEMES	480,389	-	-	-	480,389	-23,871	-	-14,328	-	-38,199
IRRIGATION SYST	1,695,730	-	404,298	-	2,100,028	-1,158,691	-	-57,561	-	-1,216,252
MARKETS	-	-	-	-	-	-	-	-	-	-
MISCELLANEOUS F	4,297,711	-22,819	491,022	-172,413	4,593,501	-2,090,064	17,340	-327,130	111,099	-2,288,755
MIXER - CONCRET	93,912	-	-	-	93,912	-68,512	-	434	-	-68,078
OFFICE BUILDINGS	0	-	-	-	0	0	-	-	-	0
OFFICE MACHINES	2,030,366	-3,135	106,775	-37,444	2,096,562	-808,745	3,133	-135,202	27,282	-913,531
OTHER LAND	-	-	-	-	-	-	-	-	-	-
PUMPS	187,172	-	-	-	187,172	-88,390	-	-10,371	-	-98,761
REHABILITATION	46,374,484	-	2,318,724	-	48,693,208	-46,374,484	-	-2,318,724	-	-48,693,208
SUPPLY/RETICULA	-	-	-	-	-	-	-	-	-	-
TABLES/DESKS	1,648,114	-614	156,952	-10,632	1,793,820	-894,503	572	-55,868	7,624	-942,175
TIPPERS	503,837	-	-	-	503,837	-148,544	-	-29,188	-	-177,731
TIP SITES	-	-	-	-	-	-	-	-	-	-
TOOLS	955,611	-	553,063	-26,651	1,482,022	-358,161	-	-141,146	9,292	-490,015
TOWN PLANNING	1,545,341	-	-	-	1,545,341	-895,400	-	-154,799	-	-1,050,199
TRAILERS	2,707,736	-	113,861	-	2,821,597	-1,046,918	-	-121,382	-	-1,168,301
TRAINING CENTRE	-	-	-	-	-	-	-	-	-	-
VACANT LAND	-	-	-	-	-	-	-	-	-	-
VALUATION ROLL	-0	-	-	-	-0	-	-	-	-	-
MOTOR VEHICLES	5,122,490	-	780,101	-450,720	5,451,871	-1,581,079	-	-369,752	405,647	-1,545,184
BUSES	274,980	-	276,511	-	551,492	-78,489	-	-21,732	-	-100,221
COMPRESSORS	200,874	-	1,737	-	202,611	-74,671	-	-5,125	-	-79,797
MOTOR CYCLES	-	-	-	-	-	-	-	-	-	-
FIRE ENGINES	1,131,410	-	-	-	1,131,410	-529,971	-	6,437	-	-523,534
FARM EQUIPMENT	70,501	-	150,000	-	220,501	-15,941	-	-14,166	-	-30,107
GRADERS	4,627,281	-	551,000	-823,960	4,354,322	-2,296,030	-	-87,189	741,564	-1,641,655
LAWNMOWERS	1,977,572	-	1,080,061	-45,505	3,012,129	-1,081,019	-	-229,665	38,263	-1,272,421
MECHANICAL HORS	963,314	-	-	-	963,314	-60,095	-	-86,698	-	-146,793
POUND VEHICLES	-	-	-	-	-	-	-	-	-	-
ROAD MAINTENANC	1,126,109	-	213,489	-90,500	1,249,098	-621,961	-	-13,126	81,450	-553,637
TRUCKS/BAKKIES	36,129,611	-	5,848,998	-1,303,331	40,675,278	-15,731,219	-	-242,663	1,172,998	-14,800,884
TRACTORS	1,457,139	-	822,018	-201,843	2,077,313	-919,541	-	38,907	181,659	-698,975
WELDER	22,169	-	-	-	22,169	-10,671	-	-137	-	-10,808
WORKSHOPS/DEPOT	-	-	-	-	-	-	-	-	-	-
	148,638,601	-62,992	20,003,533	-4,575,361	164,003,981	-94,488,259	55,852	-6,872,036	3,922,897	-97,361,547



	COST					DEPR				
	Opening Balance (Restated)	WIP Transfers	Additions	Disposals	Closing Balance 30/06/2011	Opening Balance (Restated)	Transfers	Additions	Disposals	Closing Balance 30/06/2011
INFRASTRUCTURE										
CURRENT ASSETS HELD FOR SALE										
HAIRS	-	13,663	-	-	13,663	-	-12,472	-	-	-12,472
COMPUTER HARDWARE	-	22,761	-	-	22,761	-	-22,335	-	-	-22,335
TABLES/DESKS	-	614	-	-	614	-	-572	-	-	-572
MISCELLANEOUS FURN	-	22,819	-	-	22,819	-	-17,340	-	-	-17,340
OFFICE MACHINES	-	3,135	-	-	3,135	-	-3,133	-	-	-3,133
	-	62,992	-	-	62,992	-	-55,852	-	-	-55,852
INVESTMENT PROPERTIES										
OLF COURSES -	480,000	-	1,655,000	-	2,135,000	-	-	-	-	-
VACANT LAND - I	645,000	-	555,000	-	1,200,000	-	-	-	-	-
	1,125,000	-	2,210,000	-	3,335,000	-	-	-	-	-
BUILDINGS										
BATHROOMS	601,800	-	-	-	601,800	-601,800	-	-	-	-601,800
BURGLAR BARS	-	-	263,505	-	263,505	-	-	-4,957	-	-4,957
CARAVAN PARKS	20,644,531	-	550,009	-	21,194,541	-3,590,979	-	-648,623	-	-4,239,603
CEMETERIES	76,017	-	-	-	76,017	-	-	-15,065	-	-15,065
COMMUNITY CENTRE	13,414,482	-	402,985	-	13,817,468	-3,423,872	-	-450,090	-	-3,873,962
CAR PARKS	76,101	-	72,279	-	148,380	-8,243	-	-4,320	-	-12,562
ARMED	859,589	-	-	-	859,589	-859,589	-	-	-	-859,589
FENCES	-	87,896	1,843,775	-	1,931,671	-	-	-127,204	-	-127,204
HOSPITALS & CLINICS	1,445,767	-	-	-	1,445,767	-78,716	-	-48,608	-	-127,324
HOUSING SCHEME	4,779,225	-	38,320	-	4,817,545	-4,056,242	-	-157,761	-	-4,214,002
LIBRARIES	3,574,148	-	-	-	3,574,148	-977,862	-	-141,469	-	-1,119,331
MARKETS	1,655,189	-	-	-	1,655,189	-63,130	-	-55,432	-	-118,561
MONUMENTS	-	-	113,548	-	113,548	-	-	-	-	-
MUNICIPAL BUILDINGS	50,688,997	-	366,951	-21,000	51,034,948	-29,455,545	-	-924,785	-	-30,380,330
MUNICIPAL HOUSE	12,521,901	-	141,856	-	12,663,757	-3,788,995	-	-545,545	-	-4,334,540
OFFICE BUILDING	43,689,945	121,747	-251,982	-	43,559,711	-14,643,628	-	-1,057,822	-	-15,701,449
OUTDOOR SPORTS	8,957,139	-	24,205	-	8,981,344	-2,265,189	-	-418,603	-	-2,683,792
PARKS	337,178	-	-	-	337,178	-153,097	-	-10,436	-	-163,533
POWER STATIONS	55,000	-	-	-	55,000	-9,679	-	-679	-	-10,359
PUBLIC CONVENIENCE	7,740,074	-	419,851	-	8,159,935	-1,687,418	-	-255,290	-	-1,952,708
RADIO BEACON LA	1,242,578	-	-	-	1,242,578	-77,676	-	-77,676	-	-155,351
RECREATIONAL CENTRE	185,470	-	-	-	185,470	-3,253	-	-6,182	-	-9,436
RESERVOIR/PETROL TANKS	-	-	408,828	-	408,828	-	-	-148	-	-148
ROADS	-	-	-	-	-	-	-	-	-	-
TAXIWAYS	-	-	-	-	-	-	-	-	-	-
TENNIS COURTS	401,942	-	-	-	401,942	-86,756	-	-20,097	-	-106,853
TRIP SITES	3,621,548	-	-	-	3,621,548	-1,386,591	-	-108,147	-	-1,494,738
TRAINING CENTRE	73,865	-	-	-	73,865	-12,324	-	-2,462	-	-14,786
WORKSHOPS	3,808,360	-	348,929	-	4,157,290	-1,768,413	-	-120,424	-	-1,888,837



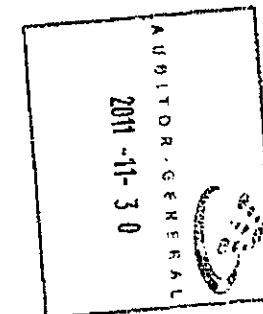
	COST					DEPR				
	Opening Balance (Restated)	WIP Transfers	Additions	Disposals	Closing Balance 30/06/2011	Opening Balance (Restated)	Transfers	Additions	Disposals	Closing Balance 30/06/2011
INFRASTRUCTURE										
CANT LAND	-	-	-	-	-	-	-	-	-	-
WORKER FACILITY	387,217	-	-	-	387,217	-83,292	-	-10,901	-	-94,193
	180,838,064	209,643	4,743,070	-21,000	185,769,776	-69,092,289	-	-5,212,726	-	-74,305,015
TANGIBLE ASSETS										
COMPUTER SOFTWARE	4,504,756	-	563,290	-	5,068,047	-2,830,175	-	-762,076	-	-3,592,252
	4,504,756	-	563,290	-	5,068,047	-2,830,175	-	-762,076	-	-3,592,252
LAND										
MUNICIPAL LAND	486,738,990	-	6,500,000	-149,500	493,089,490	-	-	-	-	-
	486,738,990	-	6,500,000	-149,500	493,089,490	-	-	-	-	-
FIXED ASSETS										
COMPUTER HARDWARE	-	-	-	-	-	-	-	-	-	-
OFFICE MACHINES	14,000	-	1,625,932	-	1,639,932	-12,133	-	-107,144	-	-119,277
TELECOMMUNICATIONS	-	-	-	-	-	-	-	-	-	-
	14,000	-	1,625,932	-	1,639,932	-12,133	-	-107,144	-	-119,277
WORKS-IN-PROGRESS										
WORK-IN-PROGRESS	77,930,713	-41,610,907	63,465,937	-25,277	99,760,466	-	-	-	-	-
	77,930,713	-41,610,907	63,465,937	-25,277	99,760,466	-	-	-	-	-
TOTAL ON 30/06/2011	3,153,130,122	-0	113,916,082	-4,770,938	3,262,275,266	-1,138,723,560	-	-76,027,642	3,922,897	-1,210,828,306



Saldanha Bay Municipality
Unaudited Appendix C
30 June 2011

Segmental statement of assets

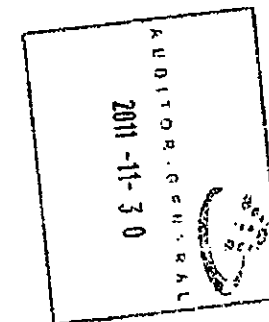
	COST				ACCUMULATED DEPRECIATION			
	Opening Balance (Restated)	Additions 2010/11	Disposals 2010/11	Closing Balance 2010/11	Opening Balance (Restated)	Additions 2010/11	Disposals 2010/11	Closing Balance 2010/11
Executive & Council	7,410,277	2,654,660	-550,219	9,514,718	-283,504	-445,509	471,983	-257,030
Corporate Services	581,455,967	9,231,126	-527,698	590,159,394	-31,005,182	-4,050,143	269,597	-34,785,729
Planning & Development	7,114,128	1,192,555	-125,849	8,180,834	-3,814,665	-362,530	109,795	-4,067,399
Community & Social Services	11,208,851	2,281,565	-24,320	13,466,097	-67,678,097	-545,573	18,266	-68,205,404
Housing	13,135,621	20,541,436	-56,426	33,620,631	-4,772,182	-320,759	42,614	-5,050,327
Public Safety	41,108,847	3,880,402	-384,611	44,604,637	-7,442,860	-1,244,995	335,547	-8,352,408
Sport & Recreation	118,204,692	12,815,370	-293,063	130,726,999	3,614,306	-2,200,769	223,445	1,636,982
Environmental Management	261,780	-	-51,263	210,516	-85,945	-23,216	46,137	-63,024
Waste Water management	475,497,285	18,433,196	-1,139,058	492,791,413	-219,716,650	-12,894,798	1,004,713	-231,606,735
Road Transport	1,065,092,892	23,529,446	-1,152,783	1,087,469,555	-473,338,660	-35,927,162	1,012,180	-508,253,643
Water	369,671,209	3,307,626	-146,728	372,832,107	-151,246,038	-7,250,830	126,727	-158,370,142
Electricity	462,956,983	16,048,699	-318,908	478,686,773	-182,752,280	-10,760,776	261,893	-193,251,163
Other	11,593	-	-	11,593	-201,705	-580	-	-202,284
	3,153,130,123	113,816,082	-4,770,938	3,262,275,267	-1,138,723,560	-76,027,642	3,922,897	-1,210,828,306



Saldanha Bay Municipality
Unaudited Appendix D
30 June 2011

Segmental Statement of Financial Performance

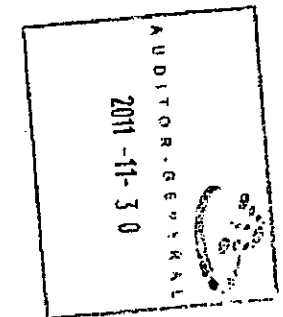
2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R	Sub Function	2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
150,379,540	68,299,378	82,080,162	Executive & Council	138,680,744	180,074,386	(41,393,642)
14,624,918	36,287,124	(21,662,206)	Finance & Admin	4,664,150	43,013,368	(38,349,208)
700,339	7,761,905	(7,061,566)	Planning & Development	1,989,475	9,881,696	(7,892,221)
-	17,362	(17,362)	Health	-	-	-
9,104,182	40,918,498	(31,814,316)	Community & Social Services	1,903,914	12,940,921	(11,037,007)
9,738,981	6,755,967	2,983,014	Housing	41,813,255	24,004,217	17,809,038
3,775,798	7,715,806	(3,940,008)	Public Safety	3,960,060	12,806,769	(8,846,709)
62,357,629	90,138,352	(27,780,723)	Waste Management	70,562,136	57,163,545	13,398,591
6,609,581	30,010,898	(23,401,317)	Road Transport	22,574,871	(29,981,796)	52,556,667
83,794,983	64,659,571	19,135,412	Water	86,752,249	73,065,755	13,686,494
133,649,070	121,253,934	12,395,136	Electricity	174,916,676	134,876,641	40,040,035
3,090,803	1,475,669	1,615,134	Other	8,210,604	12,610,315	(4,399,711)
477,825,824	475,294,464	2,531,360	Sub Total	556,028,144	530,455,817	25,572,327
-	(19,549,603)	19,549,603	Less: Inter-Dept Charges	-	(19,946,073)	19,946,073
477,825,824	455,744,861	22,080,963	Total	556,028,144	510,509,744	45,518,400
-	-	-	Add: Share of Associate	-	-	-
-	-	22,080,963		-	-	45,518,400



Saldanha Bay Municipality
Unaudited Appendix E(1)
30 June 2011

Actual versus Budget for the year ended 30 June 2011

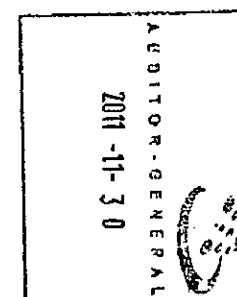
	2011	2011	2011	2011	Explanation of Significant Variances
	Actual (R)	Budget (R)	Variance (R)	Variance (%)	greater than 10% versus Budget
REVENUE					
Property rates	108,907,663	120,403,414	(11,495,751)	-9.55%	
Property rates - penalties imposed and collection charges	4,556,367	4,500,000	56,367	1.25%	
Service charges	334,948,761	323,115,731	11,833,030	3.66%	
Rental of facilities and equipment	9,547,611	9,671,517	(123,906)	-1.28%	
Interest earned - external investments	27,546,018	21,000,000	6,546,018	31.17%	More cash invested than anticipated. Higher interest rate received.
Interest earned - outstanding debtors	1,917,647	2,423,996	(506,349)	-20.89%	Strict debt control were practised.
Fines	2,511,497	1,815,900	695,597	38.31%	Improved traffic control. Vacancies filled in traffic department.
Licences and permits	1,399,070	753,056	646,014	85.79%	More licenses and permits issued than anticipated.
Income for agency services	2,573,611	2,724,500	(150,889)	-5.54%	
Government grants and subsidies	62,085,906	74,137,281	(12,051,375)	-16.26%	Projects not completed in time. Roll over were approved for next year.
Other income	8,817,364	11,335,324	(2,517,960)	-22.21%	Income lower than anticipated.
Gain on disposal of property, plant and equipment	641,095	-	641,095	0.00%	
Less: Revenue Foregone	(9,424,466)	(8,547,368)	(877,098)	10.26%	We subsidised more services than budgeted for.
Total Revenue	556,028,144	563,333,350	(7,305,206)	-1.30%	
EXPENDITURE					
Employee related costs	142,860,212	161,512,186	(18,651,974)	-11.55%	Not all vacancies were filled.
Remuneration of Councillors	5,088,067	7,100,824	(1,012,757)	-14.26%	Budgeted incorrectly.
Bad debt impairment	11,036,085	14,381,294	(3,345,209)	-23.26%	
Collection costs	168,050	557,535	(389,485)	-69.86%	Expenses lower than anticipated.
Depreciation and impairment	76,027,841	48,683,362	27,344,279	56.17%	Difference due to change in accounting estimate and unbundling.
Finance Cost	8,280,582	15,933,547	(7,652,965)	-48.03%	Loan were only received at year end.
Bulk purchases	147,624,386	141,790,700	5,833,686	4.11%	
Grants and subsidies paid	19,580,755	65,159,290	(45,598,535)	-69.98%	Method of budget were incorrect.
General expenses	98,863,966	115,893,070	(17,029,104)	-14.69%	Expenses lower than anticipated.
Total Expenditure	510,509,744	571,011,807	(60,502,063)	-10.60%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	45,518,400	(7,678,457)	53,196,857	0.0%	



Saldanha Bay Municipality
Unaudited Appendix E(2)
30 June 2011

Actual Versus Budget for the year ended 30 June 2011

		2011	2011	2011	2011	2011	2011	Explanation of Significant Variances
		Actual	Under Construction	Total Additions	Amendment Budget	Variance	Variance	greater than 5% versus Budget
		R	R	R	R	R	%	
Executive & Council	1	2,654,660	-	2,654,660	1,278,405	1,376,255	107.7%	Completed more projects than anticipated.
Corporate Services	2	6,022,649	3,208,477	9,231,126	15,110,224	-5,879,098	-38.9%	Projects rolled over for next year.
Planning & Development	3	1,192,556	-	1,192,556	2,147,076	-954,520	-44.5%	Projects rolled over for next year.
Community & Social Services	5	1,823,348	458,217	2,281,565	4,142,229	-1,860,663	-44.9%	Projects rolled over for next year.
Housing	6	263,279	20,278,157	20,541,436	39,869,179	-19,327,743	-48.5%	Projects rolled over for next year.
Public Safety	7	1,948,972	1,931,429	3,880,402	3,998,253	-117,851	-2.9%	
Sport & Recreation	8	10,592,748	2,222,622	12,815,370	15,751,870	-2,936,500	-18.6%	Projects rolled over for next year.
Environmental Management	9	-	-	-	75,000	-75,000	-100.0%	Projects rolled over for next year.
Waste Management	10	13,140,963	5,292,233	18,433,196	31,062,689	-12,629,493	-40.7%	Projects rolled over for next year.
Road Transport	11	6,502,365	17,027,082	23,529,446	37,226,751	-13,697,305	-36.8%	Projects rolled over for next year.
Water	12	1,854,744	1,452,882	3,307,626	7,330,502	-4,022,876	-54.9%	Projects rolled over for next year.
Electricity	13	4,453,861	11,594,837	16,048,699	25,273,308	-9,224,609	-36.5%	Projects rolled over for next year.
Other	14	-	-	-	-	-	-	
Total		50,450,145	63,465,937	113,916,082	183,265,486	-69,349,404	-37.8%	

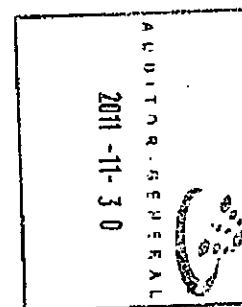


APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant and Subsidies Received for the Financial Year ended 30 June 2011

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept	Dec	March	June	Total	Sept	Dec	March	June	Total	Sept	Dec	March	June	Total			
		R	R	R	R	R	R	R	R	R	R	R	R	R	R	R			
BIG	DORA	-	8,202,000	600,000	-	8,800,000	39,700	1,956,171	3,548,607	6,016,324	11,560,802	-	-	-	-	-	-	Yes	N/A
Housing	Dept. of Housing	7,383,493	1,828,468	25,610,886	3,238,520	28,261,367	5,351,721	4,765,737	991,829	4,605,834	15,715,121	-	-	-	-	-	-	Yes	N/A
Social Dev	Dept. of Social Development	-	-	75,000	-	75,000	21,625	7,217	1,900	1,944	32,586	-	-	-	-	-	-	Yes	N/A
District Municipality	WDM	-	-	-	-	-	-	45,252	-	-	45,252	-	-	-	-	-	-	Yes	N/A
MSIG	DORA	750,000	-	-	-	750,000	-	26,642	560,682	162,676	750,000	-	-	-	-	-	-	Yes	N/A
Transport	Dept. of Transport	-	-	300,000	-	300,000	-	-	-	158,896	158,896	-	-	-	-	-	-	Yes	N/A
Transport- Operating grant	Dept. of Transport	-	-	-	87,254	87,254	-	-	-	87,254	87,254	-	-	-	-	-	-	Yes	N/A
PAWK	Dept. of Culture	5,343,700	143,700	149,600	-	5,631,000	-	28,760	341,820	559,593	930,173	-	-	-	-	-	-	Yes	N/A
PMG	DORA	1,000,000	-	-	-	1,000,000	108,902	179,355	140,937	570,806	1,000,000	-	-	-	-	-	-	Yes	N/A
Dept Min & En	Dept. of Minerals and En	1,483,000	500,000	-	-	1,983,000	-	-	-	-	-	-	-	-	-	-	-	Yes	N/A
PAWK	Dept. of Sports and Recr	-	-	-	-	-	-	150,526	-	17,521	168,047	-	-	-	-	-	-	Yes	N/A
Councillors Remuneration	DORA	-	-	1,278,224	-	1,278,224	-	-	-	1,278,224	1,278,224	-	-	-	-	-	-	Yes	N/A
Contribution Electricity	DORA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	N/A
Equitable Share	DORA	11,183,479	8,946,784	5,431,864	-	25,562,127	5,472,890	2,778,720	3,256,785	14,053,731	25,562,127	-	-	-	-	-	-	Yes	N/A
		27,143,672	19,618,952	23,639,574	3,325,774	73,727,972	10,994,638	9,938,280	8,842,461	27,512,902	57,785,381	-	-	-	-	-	-		



Saldanha Bay Municipality
Unaudited Appendix G
30 June 2011

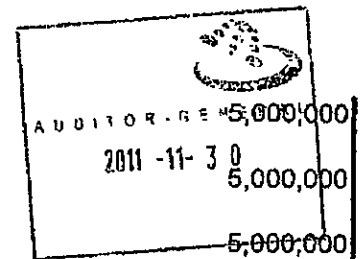
STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2011

	2010/11	2009/10	2008/09	2007/08
General Statistics				
Population	113 596	111 369	106 066	100 775
Number of registered voters	46 060	46 060	43 867	38 131
Area (km ²)	1 767	1 767	1 767	1 767
Total Valuations				
- Taxable (R million)	22 736	22 736	88 173	12 789
- Non Taxable (R million)				10
- Residential (R million)	16 898	16 117	59 213	9 496
- General Residential (R million)		542	842	278
- Business (R million)	1 830	1 072	6 161	496
- Industrial (R million)	1 034	1 056	7 746	689
- Transnet/Spoornet/Portnet (R million)	66	67	704	81
- Public Works (R million)	776	565	6 744	
- Telkom (R million)	0	0		479
- Provincial Administration (R million)	0	0		277
- Smallholdings (R million)	600	599	0	513
- Agriculture (R million)	1 420	1 696	2 774	480
- Other (R million)	651	1 022	3 989	
Valuation Date	07/01/2008	07/01/2008	07/01/2007	07/01/2007
Last general valuation came into effect on 1 July 2007				
Number of sites				
Number of sites valued	36 383	35 070	35 100	33 032
- Residential	31 863	32 006	30 743	29 545
- Industrial	441	554	435	476
- Business	493	481	481	446
- Public Works	92	111	248	
- Telkom	0	0		68
- Provincial Administration	0	0		548
- Smallholdings	566	560	555	777
- Agriculture	785	745	766	1 172
- Other	2 143	613	1 871	
Assessment Rates				
General : Land	0.9422c/R	1.1890 c/R	1.1890 c/R	1.1477 c/R
: Buildings	0.9422c/R	1.1890 c/R	1.1890 c/R	1.1477 c/R
Other : Tariffs lower than general with the following % :				
- : Single residential	50%	50%	50%	50%
- : Smallholdings	50%	50%	50%	50%
- : Agriculture	95%	95%	95%	95%
- : Nature Reserves	75%	75%	75%	75%
Pensioners : Tariff lower than single residential with the following %				
not exceeding income of R42 000 p.a.	40%	40%	40%	40%
not exceeding income of R46 200 p.a.	30%	30%	30%	30%
not exceeding income of R50 820 p.a.	20%	20%	20%	20%
Number of employees in service	926	877	908	901
Cleansing Statistics				
Km completed	528 000	402 180	402 180	318 240
Refuse removed (m ³)	42 657	78 886	185 642	154 548
Cost per m ³ removed	334	334	125	108.91
Income per m ³ removed	1 654	790	178	139.87
Number of removals per month	27 391	27 391	28 624	26 429
Sewerage Statistics				
Sewerage water purification (Ml)	4 371	5 621	5 621	5 897
Cost per kl purified	7.61	3.36	3.36	3.43
Income per kl purified	8.66	4.39	4.39	4.35
Electricity Statistics				
Units (kWh) purchased ('000)	240 181	233 634	228 537	220 804
Purchase cost : cent per kWh	0.45	28.43	25.87	19.72
Units (kWh) sold ('000)	212 319	208 482	199 188	198 473
Units (kWh) lost with distribution ('000)	27 862	25 151	29 349	22 331
Percentage loss on distribution	11.60	10.77	12.84	10.11
Rand value of loss on distribution	22 953 697	12 575 500	15 261 480	8 932 400
Cost per unit sold	0.64	0.41	0.43	0.34
Income per unit sold	0.82	0.50	0.52	0.40
Number of consumers	22 590	22 590	19 729	19 173
Water Statistics				
Kl purchased ('000)	12 462	12 502	12 943	12 779
Purchase cost per kl	3.16	2.79	2.49	2.39
Kl sold ('000)	11 222	10 873	10 863	11 217
Kl lost on distribution ('000)	1 240	1 629	2 080	1 562
Rand value of loss on distribution	9 584 284	10 002 060	12 771 200	9 778 120
Percentage loss on distribution	9.95	13.03	16.07	12.22
Cost per Kl sold	6.51	4.33	4.06	4.80
Income per Kl sold	7.73	6.14	6.14	6.26
Number of consumers	23 907	23 587	24 725	22 429

Saldanha Bay Municipality
Unaudited Appendix H
30 June 2011

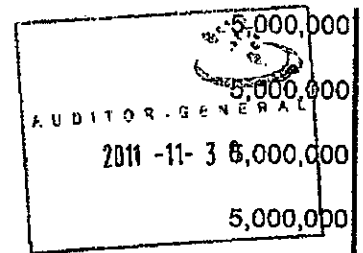
AUDITOR GENERAL
 2011 -11- 30

Financial Institution	Call Deposit Number	Balance 30 June 2011
ABSA	2071227259	5,000,000
ABSA	2071227055	5,000,000
ABSA	2071227097	5,000,000
ABSA	2071227178	5,000,000
ABSA	2071227209	5,000,000
ABSA	2071227233	5,000,000
ABSA	2071362871	5,000,000
ABSA	2071362889	5,000,000
ABSA	2071362928	5,000,000
ABSA	2071362724	5,000,000
ABSA	2071362766	5,000,000
ABSA	2071362839	5,000,000
ABSA	2071423021	5,000,000
ABSA	2071422952	5,000,000
ABSA	2071422910	5,000,000
ABSA	2071422902	5,000,000
ABSA	2071422821	5,000,000
ABSA	2071422813	5,000,000
Sub-Total		90,000,000
First National Bank	71304959730	5,000,000
First National Bank	71304959897	5,000,000
First National Bank	71310853059	5,000,000

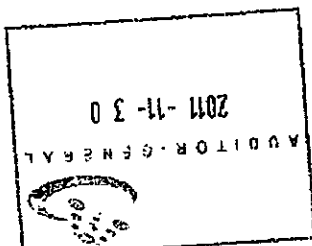


First National Bank	71310867852	5,000,000
First National Bank	7131086905	5,000,000
First National Bank	71313400394	5,000,000
First National Bank	71313400641	5,000,000
Sub-Total		35,000,000
Standard Bank	288503236008	5,000,000
Standard Bank	288503236009	5,000,000
Standard Bank	288503236010	5,000,000
Standard Bank	288503236011	5,000,000
Standard Bank	288503236012	5,000,000
Standard Bank	288503236013	5,000,000
Standard Bank	288503236014	5,000,000
Standard Bank	288503236015	5,000,000
Standard Bank	288503236016	5,000,000
Standard Bank	288503236017	5,000,000
Standard Bank	288503236018	5,000,000
Standard Bank	288503736024	5,000,000
Standard Bank	288503236025	5,000,000
Standard Bank	288503236024	5,000,000
Standard Bank	288503236023	5,000,000
Standard Bank	288503236022	5,000,000
Standard Bank	288503236021	5,000,000
Standard Bank	288503236020	5,000,000
Standard Bank	288503236019	5,000,000
Sub-Total		95,000,000
Nedbank	23137DZ0705953	5,000,000

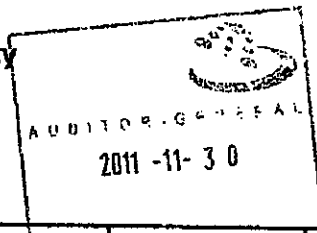
Nedbank	23138DZ0705953	5,000,000
Nedbank	23139DZ0705953	5,000,000
Nedbank	23140DZ0705953	5,000,000
Nedbank	23141DZ0705953	5,000,000
Nedbank	23142DZ0705953	5,000,000
Nedbank	23143DZ0705953	5,000,000
Nedbank	1948DZ0795952	5,000,000
Nedbank	1949DZ0795952	5,000,000
Nedbank	1950DZ0795952	5,000,000
Nedbank	1951DZ0795952	5,000,000
Nedbank	1952DZ0795952	5,000,000
Nedbank	28125DZ0705953	5,000,000
Nedbank	28126DZ0705953	5,000,000
Nedbank	28127DZ0705953	5,000,000
Sub-Total		75,000,000
Investec	1100458949463	5,000,000
Investec	1100458949464	5,000,000
Investec	1100458949465	5,000,000
Investec	1100458949466	5,000,000
Investec	1100458949467	5,000,000
Investec	1100458949468	5,000,000
Investec	1100458949469	5,000,000
Investec	1100458949470	5,000,000
Investec	1100458949471	5,000,000
Investec	1100458949472	5,000,000
Investec	1100458949473	5,000,000
Investec	1100458949474	5,000,000



5,000,000	1100458949475	Investec
65,000,000		Sub-Total
360,000,000		Total



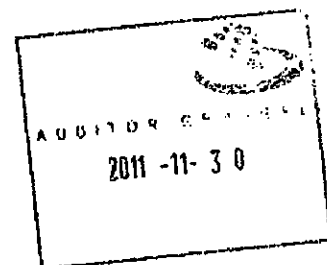
Saldanha Bay Municipality
Unaudited Appendix I
30 June 2011



Unspent Conditional Grants	30 June 2011	30 June 2010
Library Grant Capital	7,114,157	1,637,354
Library Grant Operating	259,379	63,079
Upgrading Louwville Sports Complex	209,787	377,833
CDW programme 10091 386/ 876	42,414	-
Sidewalks primary school Hopefield	141,105	-
Housing: Middelpoos PHP (Phase 1, 50 units)	202,266	-
Housing: Middelpoos 551 enhede consolidation phase	6,999,613	998,654
Housing: Middelpoos 800 Erven EHP + USIP	1,224,507	-
Housing: White City 81 erven	3,101,535	-
LED: Saldanha Bay Cultural Village (D/M) 10005/388 /876	5,399	50,551
Vredenburg/Louwville new bus route	-	1,878,000
	19,300,161	5,005,472
Capital Contributions:		
Saldanha Steel Funds: Diazville	674,257	674,257
Saldanha Steel Funds: Paternoster	107,420	107,880
Social Community Investing	91,000	91,000
	872,677	873,137
	20,172,838	5,878,609

Saldanha Bay Municipality
Unaudited Appendix J
30 June 2011

Unpaid Conditional Grants	30 June 2011	30 June 2010
Beach Restoration	1,203,135	1,203,135
Hopefield sewer pumpstation	174,400	-
Paternoster Waste Water Management	30,372	96,943
Taxi terminus Middelpos	55,405	-
Taxi terminus Laingville	55,895	-
Vredenburg/Louwville new bus route	-	237,300
Wesbank roads, swater, swalks	70,121	41,518
Louwville Stormwater phase 3	802,177	41,253
RDP SW Langebaan Upg	113,660	-
Louwville swimming pool	-	2,935
Housing: Middelpos Phase 1	-	1,767,628
Housing: Ongegund Top Structures	-	249,351
Middelpos electr connections	-	1,983,000
	2,505,165	5,623,062



Saldanha Bay Municipality
Unaudited Appendix K
30 June 2012



Redclassification of comparative figures

Statement of Financial Position	30 June 2010 (old)	Prior Period Error	Reclassified	30 June 2010 (New)
ASSETS				
Current assets	502,914,267	1,987,608	-	504,901,875
Inventory	4,083,596	-541,030	-	3,542,566
Other financial assets	-	-	-	-
Trade and other receivables from non-exchange transactions	30,818,352	2,423,756	-	33,242,108
Trade and other receivable from exchange transactions	60,623,028	-	-	60,623,028
Operating lease asset	212,945	104,882	-	317,827
Cash and cash equivalents	407,175,346	-	-	407,175,346
Non-current assets	1,566,891,305	447,515,255	-	2,014,406,560
Property, plant and equipment	1,564,092,119	447,514,859	-	2,011,606,978
Investment property	1,124,605	395	-	1,125,000
Intangible Assets	1,674,581	1	-	1,674,582
Other financial assets	-	-	-	-
Total Assets	2,069,805,572	449,501,863	-	2,519,306,435
LIABILITIES				
Current liabilities	84,431,185	1,647,625	2,747	86,081,557
Other financial liabilities	10,177,831	-	-	10,177,831
Finance lease obligation	245	-	2,747	2,992
Trade and other payables from exchange transactions	55,644,180	-230,375	-	55,413,805
VAT	9,714,351	-	-	9,714,351
Consumer deposits	10,194,969	-	-	10,194,969
Retirement benefit obligation	699,000	-	-	699,000
Unspent conditional grants and receipts	4,000,609	1,878,000	-	5,878,609
Non-current liabilities	164,756,594	-	-2,747	164,754,247
Other financial liabilities	68,504,313	-	-	68,504,313
Finance lease obligation	2,992	-	-2,747	245
Provisions	46,374,484	-	-	46,374,484
Retirement benefit obligation	49,875,205	-	-	49,875,205
Total Liabilities	249,188,179	1,647,625	-	250,835,804
NET ASSETS				
Net Assets	1,820,617,393	447,855,238	-	2,268,472,631
Accumulated Surplus/(Deficit)	1,820,617,393	447,855,238	-	2,268,472,631
Total Net Assets	1,820,617,393	447,855,238	-	2,268,472,631

Statement of Financial Performance	30 June 2010 (old)	Prior Period Error	Reclassified	30 June 2010 (New)
REVENUE				
Property rates	105,189,487	-	-	105,189,487
Property rates - penalties imposed and collection charges	4,361,628	-	-	4,361,628
Service charges	270,729,485	-	-	270,729,485
Rental of facilities and equipment	9,056,412	125,690	-	9,182,102
Interest earned - external investments	28,290,646	-	-	28,290,646
Interest earned - outstanding debtors	1,715,768	-	-	1,715,768
Fines	2,847,757	-	-	2,847,757
Licences and permits	955,637	408,631	-	1,364,268
Income for agency services	2,397,226	-	-	2,397,226
Government grants and subsidies	45,674,076	524,848	-	46,198,924
Other income	5,420,434	128,019	-	5,548,453
Total Revenue	476,638,536	1,187,288	-	477,825,824
EXPENDITURE				
Employee related costs	125,066,195	808,273	-1,476,000	123,896,468
Remuneration of Councilors	5,755,882	-	-	5,755,882
Collection costs	263,406	-	-	263,406
Depreciation	50,817,950	24,289,695	-	75,107,645
Debtors impairment	4,880,053	-	-	4,880,053
Impairment	25,774,484	-	-	25,774,484
Repairs and maintenance	23,480,343	-	-	23,480,343
Interest paid	5,850,962	156,959	-	6,007,921
Bulk purchases	116,182,815	-	-	116,182,815
Grants and subsidies paid	15,230,185	-	-	15,230,185
General expenses	56,778,520	-	1,476,000	58,254,520
Gains on disposal of property, plant and equipment	866,424	5,227	-	871,651
Inventory written off	39,477	-	-	39,477
Total Expenditure	430,986,636	24,758,165	-	455,744,801
SURPLUS/(DEFICIT) FOR THE YEAR	45,651,840	-23,570,877	-	22,080,963

ANNEXURE B: REPORT OF THE AUDITOR GENERAL 2010/2011

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON SALDANHA BAY MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Saldanha Bay Municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 3 to 76.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2010 (Act No. 12 of 2010) (DoRA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Saldanha Bay Municipality as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

9. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of errors discovered during the 2010-11 financial year in the financial statements of the municipality at, and for the year ended 30 June 2010.

Subsequent events

10. As disclosed in note 45 to the financial statements, the municipal manager resigned after the financial year-end and was paid a severance package amounting to R1 276 580.

Material underspending of the budget

11. The municipality has materially underspent on its capital budget by R69 349 404 (38%). Service delivery relating to the housing programme, road transport, corporate services and electricity and waste management was affected by the lack of spending.

Additional matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

13. The supplementary information set out on pages 78 to 99 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 70 to 85 and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

Presentation of information

15. The reported performance against predetermined objectives was deficient in respect of the following criteria:

- Performance against predetermined objectives was not reported using the National Treasury guidelines.

16. The following audit findings relate to the above criteria:

- The annual performance report did not contain a comparison of the performance of the municipality as required by section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).
- Reasons for major variances between planned and actual reported targets were not provided in the report on predetermined objectives and adequate explanations for major variances between the planned and the actual reported targets for all programmes were not provided, as required in terms of the relevant reporting guidance. In total, 100% of the reported targets with major variances were not explained.

Usefulness of information

17. The reported performance information was deficient in respect of the following criteria:

- Measurability: The indicators are not well-defined and verifiable, and targets are not specific, measurable and time bound.

18. The following audit findings relate to the above criteria:

- Planned and reported indicators are not well defined as 26% of the selected planned and reported indicators were not clear because unambiguous data definitions were not available to allow for data to be collected consistently.
- Planned and reported indicators are not verifiable as valid performance management processes and systems that produce actual performance against the planned indicators did not exist for 21% of the indicators.

Reliability of information

19. The reported performance information was deficient in respect of the following criteria:

- Validity: The reported performance did not occur and does not pertain to the entity.

- Accuracy: The amounts, numbers and other data relating to reported actual performance have not been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have not been included in the annual performance report.

20. The following audit findings relate to the above criteria:

- The content of the integrated development plan was incomplete as the integrated development plan did not include the key performance indicators and performance targets determined in accordance with its performance management system, as required by sections 26(l) and 41(1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.
- Reported performance against targets was not valid and accurate when compared to source information as 49% of the 69 reported targets selected were not valid and accurate based on the source information or evidence provided.
- The validity, accuracy and completeness of reported performance against indicators could not be confirmed as 37% of the 69 reported indicators selected was not supported by sufficient appropriate audit evidence and relevant source documentation could not be provided. There were no satisfactory audit procedures that I could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported performance against predetermined objectives.

Compliance with laws and regulations

Expenditure management

21. The accounting officer did not take reasonable steps to prevent irregular expenditure disclosed in note 47, as required by section 62(1)(d) of the MFMA.

Strategic planning and performance management

22. The accounting officer of the municipality did not by 25 January 2011 assess the performance of the municipality during the first half of the financial year, taking into account the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72(1)(a)(ii) of the MFMA. Consequently, the results of the assessment could not be sent to the mayor of the municipality, the National Treasury and the provincial treasury, as required by section 72(1)(b) of the MFMA.

23. The annual performance report did not contain a comparison of the performance of the municipality and of each external service provider with development priorities, objectives and performance indicators set out in its integrated development plan, as required by section 46 of the MSA.

24. The municipality did not implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players as required by sections 38, 39, 40 and 41 of the MSA, read with regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.
25. The internal auditors of the municipality did not audit performance measurements on a continuous basis and/or did not submit quarterly reports on their audits to the municipal manager and the performance audit committee, as required by regulation 14(1) of the Municipal Planning and Performance Management Regulations, 2001.

Annual financial statements and annual report

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of capital assets, current assets, and expenditure and disclosure items identified during the audit were subsequently corrected.
27. The mayor did not table the 2009-10 annual report of the municipality in council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.
28. The mayor did not submit a written explanation to the council setting out the reasons for the delay in the tabling of the 2009-10 annual report in council, as required by section 129(3) of the MFMA.

Internal audit

29. The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required by section 45(1)(a) of the MSA, read with regulation 14(1)(a) of the Municipal Planning and Performance Management Regulations, 2001.

Procurement and contract management

30. Awards were made to bidders whose directors/ principal shareholders were persons in service of other state institutions in contravention of the requirements of Municipal Supply Chain Management (SCM) Regulations (GNR. 868 of 30 May 2005, regulation 44.
31. Awards were made to suppliers who did not submit a declaration of their employment in the state or their relationship to a person employed by the state as per the requirements of SCM regulation 13(c).

INTERNAL CONTROL

32. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control

relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

33. The accounting officer did not timeously establish and communicate policies, procedures and internal controls to enable and support the understanding of processes and responsibilities in preparation for the reporting against predetermined objectives and certain aspects of supply chain management.
34. The accounting officer did not delegate the monitoring and review of processes on a regular basis to ensure validity, accuracy and completeness of information submitted by the directors of departments.
35. The mayor and council did not exercise sufficient oversight responsibility over compliance with laws and regulations.

Financial and performance management

36. The controls in place to ensure that declarations of interest of bidders are provided are not operating effectively to ensure that awards are not made to persons in service of the state.
37. The acting chief financial officer did not review the financial statements to ensure compliance with the accounting framework. Consequently, the municipality was over-reliant on the consultant to prepare the financial statements without the necessary independent review (which would include basic reconciliation of figures disclosed to supporting documentation and sub-ledgers) by a qualified official prior to the financial statements being submitted to audit.

Governance

38. Even though the review of performance information was included in the internal audit plan, the internal audit team did not follow through with the planned audits and did not formally submit internal audit reports on the planned audit work, as the municipality's systems and processes for performance information were not operating effectively throughout the period under review. Consequently, internal audit did not review the related internal controls, systems and processes to provide feedback to management in this regard.

OTHER REPORTS

Investigations

39. An investigation into poor performance and workmanship on contracts awarded for community projects in previous years was in progress at year-end.

40. As per note 47 to the financial statements, a forensic investigation into alleged irregularities in supply chain management was finalised during the year. These cases are currently being evaluated in terms of the section 32 of the MFMA and a council committee has been established to further evaluate the findings and recommend corrective action.

Auditor - General
Cape Town

30 November 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE C: REPORT OF THE AUDIT COMMITTEE 2010/2011

REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE MAYORAL COMMITTEE AND COUNCIL OF THE SALDANHABAY MUNICIPALITY

The Committee presents its report for the financial year ended 30 June 2011.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Committee, consisting of the members listed below, should meet at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises. The Committee's terms of reference requires a minimum of 3 members. During the year under review, four Audit Committee meetings were held (8 September 2010, 8 December 2010, 23 February 2011 and 4 May 2011) as well as other meetings with the Executive Mayoral Committee and Internal Audit. Although no specific meetings are held with the Auditor-General, they are invited to attend all Audit Committee Meetings.

Name of member	Capacity	Number of meetings attended
Alfons Janse Van Rensburg	Chairperson	4
Arnold Engel	Member	4
Mariaan Roos	Member	4

AUDIT COMMITTEE RESPONSIBILITY

The Committee reports that it has, as far as possible, complied with its responsibilities arising from its terms of reference, including relevant legislative requirements except in the circumstances listed below.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee is pleased that the Auditor-General issued an unqualified audit opinion on the financial statements of the Saldanha Bay Municipality for the year ended 30 June 2011. These financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2009 (Act No 12 of 2009) (DORA).

The audit committee did not review the annual financial statements and report on pre-determined objectives for adequacy, reliability and accuracy due to submission being made to the Auditor-General without the Audit Committee first having insight of the annual financial statements and report on pre-determined objectives prior to submission.

The chief financial officer post was not permanently filled for the past three years as the municipality was unable to attract and appoint a sufficiently skilled and qualified

accountant. The accounting officer appointed a chief financial officer subsequent to the end of the financial year.

The Committee draws attention to the emphasis of matters and other paragraphs contained in the Auditor-General's report.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Committee has considered the work performed by Internal Audit on a quarterly basis and has reviewed the findings by the Auditor-General on Internal Controls for the year ended 30 June 2011.

The results of the audits performed indicated either:

- a lack of documented policies and procedures;
- inadequacy of existing policies;
- policies, procedures and internal controls being poorly understood, therefore not properly implemented;
- lack of management and supervisory review and monitoring relating to performance, compliance with legislation, regulations, policies and procedures;
- ineffective human resource management to ensure adequate and sufficiently skilled resources;
- resulting in numerous instances of non-compliance.

Significant management intervention is required to effect improvement in these areas.

The Committee further wishes to draw attention to the following areas:

Information Systems

In respect of the Committee's responsibilities regarding Information Systems and Technology within the organisation, the Committee noted that a formal IT governance framework and supporting structures within the Saldanha Bay Municipality was not established for the period.

The results of audits performed indicated:

- Lack of adequate IT related policies and procedures;
- lack of management oversight in ensuring that processes, procedures and controls are formally documented, approved and effectively implemented;
- lack of system functionality;

One of the contributing factors to the weaknesses can be the vacancy of the IT manager position for the period under review. The accounting officer appointed an IT manager subsequent to the end of the financial year.

Significant management intervention is required to effect improvement in the design and implementation of formal policies, procedures and controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information.

Resolving Internal Control Findings

Internal Audit conducted follow-up audits, which indicated a low implementation rate of management corrective actions to address internal control findings.

Combined Assurance Framework

The municipality has not yet adopted a formal combined assurance framework and this will be dependent on the finalisation of a fully implemented enterprise risk management system.

PERFORMANCE MEASUREMENT

The municipality's systems and processes for performance information were not operating effectively throughout the period under review. The Municipality is in the process of revising the performance management system. An interim performance information co-ordinator was appointed in February 2011 and the performance management framework revised and adopted by Council subsequent to the end of the reporting period.

The lack of an adequately implemented performance management system resulted in internal audit being unable to audit the results of performance measurement as part of its internal audit processes and could not review the related internal controls, systems and processes to provide feedback to management and the audit committee in this regard.

The Audit Committee recommended in its reports to Council that management address the deficiencies in the performance information process as highlighted by Internal Audit and the Auditor General as a lack of management action in this area may impact the Auditor General's report on the Municipality's pre-determined objectives.

RISK MANAGEMENT

Risk management has not been fully imbedded at the municipality and dedicated resources have not been allocated to risk management. The municipality's operational risk assessment was conducted in July 2010 by the Provincial Treasury's Enterprise Risk Management team on behalf of the municipality because the municipality did not have its own resources to perform the assessment. In the absence of dedicated resources to fulfil the risk management function the internal audit activity performed risk management functions, including developing a risk management policy and fraud prevention plan and organising and co-ordinating risk assessments within the organisation with the assistance from Provincial Treasury.

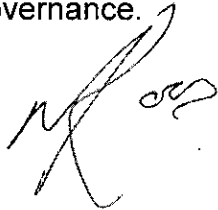
A risk committee has not been established or an action plan to address the identified risks has not been developed and implemented. The lack of adequate implementation of a risk management system impacts on the fulfilment of the roles and responsibilities of internal audit and the audit committee.

The implementation of enterprise wide risk management is imperative and significant intervention is required to effect improvement in these areas.

CONCLUSION

The audit committee is pleased with the progress of the Municipality from a qualified audit opinion to an unqualified audit opinion and the improvement in some areas of internal control. The audit committee concurs and accepts the conclusions of both Internal Audit and the Auditor-General.

The audit committee fully supports the municipal council and management in the process to improve risk management, performance management, internal controls and IT governance.

A handwritten signature in black ink, appearing to read 'M Roos', is positioned above the printed name.

M Roos
Chairperson of the Audit Committee
Date: 2011/12/16